



Downtown Milwaukie Market Analysis & Business Development Strategy

September 2009



MILWAUKIE
Dogwood City of the West



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Acknowledgement

The Downtown Milwaukie Retail Market Analysis was funded by the Clackamas County Main Street Program. We wish to acknowledge the organizing and outreach efforts of Clackamas County Main Street staff member Jamie Johnk and of the Milwaukie Main Street Economic Restructuring Committee.

Introduction

At the heart of downtown Milwaukie's long-term success is its ability to offer residents, visitors and employees a welcoming environment and a shopping, dining and entertainment experience unlike what they find elsewhere. The purpose of the market analysis is to develop a market-based Business Development Plan that directly addresses Milwaukie's desire to have a strong and vital downtown.

Clackamas County contracted with Marketek, Inc. to prepare this market analysis in conjunction with the Milwaukie Main Street Programs. It focuses on one of the four key elements of the Main Street Program – Economic Restructuring.

Downtown Program Approach

The Milwaukie Main Street Program is organized according to the Main Street Approach, which focuses on four critical components for creating downtown success and vitality: Promotion/Identity-Building, Design/Physical Improvements, Economic Development and Organization.

- 1) Promotions/Identity Building:** Identify, develop and promote the image and promise of downtown by marketing its unique characteristics to shoppers, investors, new businesses and visitors. Create an effective promotion strategy to forge this positive image. Create an atmosphere of fun and activity.
- 2) Design/Physical:** Capitalize on and improve downtown's physical assets. Create an inviting atmosphere to convey a visual message about the comfort and vibrancy of downtown. Increase the utility and user-friendly quality of downtown.
- 3) Economic Restructuring:** Support existing and attract new downtown businesses to respond to the current market. Balance business mix and provide amenities for all shoppers. Convert unused space into productive property. Sharpen the competitiveness of all businesses.
- 4) Organization:** Establish common goals for downtown's development, and build and organize consensus and cooperation among downtown stakeholders.

Project Purpose

The purpose of this analysis is to:

- ◆ Provide a comprehensive assessment of potential market support for retail uses in the downtown Milwaukie commercial district.
- ◆ Create an accurate picture of Milwaukie's retail industry including a characterization of the existing supply of businesses; consumer preferences, needs and buying patterns; and opportunities and challenges for growth and development in the downtown.
- ◆ Provide the City with a factual basis for developing strategies to strengthen and diversify the downtown retail base and capture more consumer spending locally.
- ◆ Recommend business development and marketing strategies to strengthen the downtown retail base.



Project Methodology

As downtown Milwaukie's retail expansion efforts will be implemented over time, the market analysis considers a ten-year timeframe from 2009 to 2019, which is a realistic projection period for retail development. Research, both primary and secondary, includes:

- ◆ Statistical estimates of potential supportable retail space in the Milwaukie market area and downtown;
- ◆ Surveys of downtown Milwaukie business owners;
- ◆ Community-wide surveys of resident/employee shopping preferences;
- ◆ Interviews with local developers, retailers, planners, government officials and other community leaders; and
- ◆ Six site visits to downtown.

This report is organized into five principal sections:

- 1) Retail Market Analysis
- 2) Opinion Research
- 3) Competitive Assessment
- 4) Retail Development Strategy
- 5) Business Development Action Plan

Retail Market Analysis

This section outlines Milwaukie's key retail target markets and provides an estimate of existing and future support of retail space in the Milwaukie market area.

TARGET MARKET ANALYSIS

Downtown Milwaukie has the potential to serve and attract sales from local residents and area employees. These customer groups are characterized below.

Local Resident Market

Based upon the patronage of existing businesses, downtown Milwaukie's location within the region, its competitive assets and proposed redevelopment activity, the Milwaukie Market Area is defined as an approximately 8 to 10-minute drive from downtown Milwaukie, bounded by the Willamette River and I-205, as shown on the map below. For comparative purposes, demographic data are also presented for the City of Milwaukie, the Portland Metropolitan Statistical Area (MSA) and the State of Oregon.

Milwaukie Market Area



As of 2009, population within the Milwaukie Market Area was estimated at 96,835 persons and 40,288 households (Exhibit 1). Since 2000, the Market Area saw slow strong population and household growth, with average annual rates of 0.6% and 0.5%, respectively (or an average of 556 additional persons and 200 additional households per year). These rates were above those of the City, but fell short of those of the MSA and State, which ranged from 1.4% (households in the State) to 1.8% (population in the MSA). By 2014, the Market Area is expected to reach 99,771 persons and 41,603 households, representing similar growth rates as the 2000-2009 period.

Exhibit 1. Demographic Snapshot, 2009

Demographic Indicator	City of Milwaukie	Milwaukie Market Area	Portland MSA	State of Oregon
Population				
2009 (estimate)	21,406	96,835	2,233,323	3,841,859
2014 (forecast)	21,848	99,771	2,396,625	4,064,906
Avg. Ann. % Change ('00 to '09)	0.50%	0.61%	1.76%	1.37%
Avg. Ann. % Change ('09 to '14)	0.41%	0.61%	1.46%	1.16%
Households				
2009 (estimate)	8,791	40,288	857,304	1,495,911
2014 (forecast)	8,998	41,603	919,054	1,584,044
Avg. Ann. % Change ('00 to '09)	0.30%	0.52%	1.67%	1.35%
Avg. Ann. % Change ('09 to '14)	0.47%	0.65%	1.44%	1.18%
Average Household Size	2.37	2.35	2.56	2.51
Median Household Income	\$58,166	\$56,533	\$62,166	\$53,483
Median Age (Years)	39.6	38.8	36.3	38.0
Race				
Percent White Alone	89.5%	86.5%	81.5%	83.7%
Percent Other Race/2+ Races	10.5%	13.5%	18.5%	16.3%
Percent Hispanic	5.9%	8.3%	10.3%	11.2%
Homeownership	60.0%	59.7%	62.7%	64.0%
Educational Attainment				
Associate Degree	7.3%	7.7%	8.0%	7.7%
Four Year Degree or More	21.3%	27.6%	31.5%	27.7%

Source: ESRI BIS

In the City and Market Area, household size averages 2.4 persons, which is slightly smaller than in the County and State. Median household income for the Market Area is \$56,500, above that of the State (\$53,500), but below that of the City (\$58,200) and the MSA (\$62,200).

Median age in the Market Area is similar to that of the State (39 and 38 years, respectively). Residents of the City are slightly older (with a median age of 40 years) and residents of the MSA slightly younger (median of 36 years). In terms of race, the Market Area and City are somewhat less diverse than the MSA and State. Eighty-seven percent (87%) of Market Area residents are white; Asians/Pacific Islanders make up 4%; and 7% of residents are "some other race" or two or more races. Persons of Hispanic origin make up 8% of the Market Area and 6% of the City population, compared to 10% in the MSA and 11% in the State. Detailed charts characterizing the Market Area population are provided in Appendix A.

Employee Market

An estimated 1,750 businesses operate within a two-mile radius of downtown Milwaukie and employ nearly 22,700 persons (Exhibit 2). The largest share of employees work in the services sector (39%), followed by retail trade (20%) and manufacturing (16%).

Exhibit 2. Business & Employment, 2-Mile Area, 2009

Industry	Businesses		Employees	
	#	%	#	%
Agriculture & Mining	29	1.7%	115	0.5%
Construction	130	7.4%	1,140	5.0%
Manufacturing	83	4.8%	3,580	15.8%
Transportation	34	1.9%	567	2.5%
Communication	9	0.5%	166	0.7%
Electric/Gas/Water/Sanitary Services	7	0.4%	84	0.4%
Wholesale Trade	101	5.8%	1,265	5.6%
Retail Trade	380	21.8%	4,501	19.8%
Finance/Insurance/Real Estate	163	9.3%	877	3.9%
Services	718	41.1%	8,824	38.9%
Government	27	1.5%	602	2.7%
Other	65	3.7%	986	4.3%
Total	1,746	100.0%	22,707	100.0%

Note: Distance is from 10883 SE Main Street. Source: ESRI BIS

Employees working in and near downtown Milwaukie are an important captive market for retail, service and entertainment business. Research conducted by the Building Owners and Managers Association of America estimates that office workers spend 10-15% of their expendable income in and near their places of work. Top spending categories include restaurants, entertainment, cards and gifts, personal care items and books and magazines.

RETAIL DEMAND POTENTIAL

Marketek estimated potential demand for additional retail, restaurant and entertainment space in downtown Milwaukie based on existing and future resident spending. In each case, spending potential by merchandise type was converted to square feet of store space based on sales per square foot standards derived from the Urban Land Institute's *Dollars and Cents of Shopping Centers*.

Demand is derived from two sources. The first, "existing demand," is demand for retail goods by current market area households that is now being met outside the Market Area. Existing demand is found by comparing the retail supply (i.e., actual retail sales) with retail demand (i.e., the expected amount spent by Market Area residents based on consumer expenditure patterns). When demand outweighs supply, a leakage occurs, indicating that consumers are spending outside of the Market Area for some retail goods or services. Presently, there is unmet demand within the market area for about 72,000 square feet of merchandise, the majority tied to home furnishings and electronics and a small amount in health/personal care. See Appendix B, Retail Demands for more details. While consumers will always do a certain amount of shopping away from home, this comparison provides a reasonable indication of the availability of goods in the local market.

The second source of demand, "future demand," is demand for retail goods based on spending patterns and projected household growth within the market area over the next ten years.

Potential demand for new retail space is divided among five merchandise categories: shoppers' goods, restaurants, entertainment, convenience goods and personal services. The types of goods and services within these categories are provided in Appendix B.

The results of the demand analysis for future potential demand are depicted in Exhibit 3 on the following page. More detailed analysis appears in Appendix B.

As shown, existing resident demand has the potential to support an additional 72,161 square feet of retail space in the Milwaukie Market Area. Potential future resident demand will support 195,447 square feet, for a total of 267,608 square feet of potential new retail space in the Market Area through 2019.

Over half of demand (144,631 square feet or 54%) is for shoppers goods, and 18% (49,181 square feet) is for restaurants and entertainment. Demand for convenience goods makes up another 21% (or 56,509 square feet).

Exhibit 3. Potential Supportable Retail Space, 2009 to 2019

RETAIL EXPENDITURE POTENTIAL Milwaukie Market Area 2009-2019			
Merchandise/ Retail Category	2009-2014	2014-2019	Total Potential
	Market Area Demand	Market Area Demand	New Retail Space
	(SF)	(SF)	(SF)
Shoppers Goods			
Apparel	9,724	10,041	19,765
Home Furnishings	9,679	9,995	19,674
Home Improvement	10,732	11,083	21,815
General/Specialty Retail	10,469	10,811	21,280
Subtotal	40,605	41,930	82,534
Convenience Goods			
Grocery	19,334	19,965	39,299
Health/Personal Care	3,515	3,630	7,146
Subtotal	22,849	23,595	46,444
Restaurants	17,551	18,124	35,676
Entertainment	6,644	6,861	13,505
Personal Services	8,505	8,782	17,287
Total	96,154	99,293	195,447

Source: ESRI; Urban Land Institute; Marketek, Inc.

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The absorption and distribution of retail demand into the marketplace is a highly dynamic and fluid process, influenced by factors ranging from the timing and availability of quality space and existing business anchors to district marketing and incentives. All 'smart' shopping districts or centers strive to offer the marketplace a diversity of quality merchandise and services, including specialty goods, which are so prevalent in today's consumer market.

Downtown Milwaukie is competing with commercial centers throughout the market area to capture this potential demand. If



downtown Milwaukie sought to capture 20% of existing and future market area demand, it would translate to potential for 53,522 square feet of new retail space over the next 10 years. If downtown sought a more aggressive capture of 25%, it would translate to 66,902 square feet of retail space through 2019. In an effort to put these demand estimates into context, Appendix B provides the median sizes of

several type of businesses that may be appropriate for downtown.

Milwaukie's success in capitalizing on these opportunities will be highly dependent on a number of factors, including the commitment to quality new development in downtown, property redevelopment, aggressive marketing and strong management of the downtown business district.

Opinion Research

Two electronic surveys (one for shoppers and one for businesses) were completed by the community during the months of April and May 2009. Surveys were posted on the Chamber and City websites and publicized by these organizations. Full survey results are detailed in Appendices C and D.

Shopper Survey Highlights

- ◆ Two hundred and thirty-eight (286) people participated in the survey.
- ◆ More respondents choose to do their non-grocery shopping at Clackamas Town Center than any other shopping destination (39.9%). The 82nd Avenue Corridor is the next most popular shopping destination (35.9%). Only 24 respondents shop in downtown Milwaukie (8.7%).
- ◆ Most respondents come to downtown Milwaukie multiple times per week (68.1%).
- ◆ Many respondents suggest that a grocery store would help bring more people to downtown Milwaukie. Several answers specifically request a high-end grocery like Trader Joes.
- ◆ A majority of respondents desire a bakery in downtown Milwaukie (81.5%). Brewpubs follow with 59.1% of respondents.
- ◆ Most respondents think that Milwaukie would benefit from improving the riverfront park (74.1%). Respondents also believe that a new movie theater is needed (47.9%).
- ◆ Shoppers consistently note that the selection of shopping options in Milwaukie is slim compared to other locations. Respondents also note that prices of what is available in downtown Milwaukie are not competitive.
- ◆ The majority of respondents cite the primary advantage of shopping in downtown Milwaukie is to support local businesses (67.9%). This is followed by the downtown's convenient location (63.0%). Selection (1.9%) and prices (6.0%) are the least cited advantages of shopping in downtown Milwaukie.



- ◆ Almost half of respondents report that they would not consider living in downtown Milwaukie (49.8%). Just over a quarter suggested that they would consider living downtown (28.6%).
- ◆ Respondents tend to want the largest unit possible with most desiring a two-bedroom/two bath unit (66.3%). The other options decrease in popularity as their sizes decrease. Respondents who chose "other" note that they would prefer a three-bedroom option.

Business Owner Survey Highlights

- ◆ The survey generated responses from 33 Milwaukie business owners.
- ◆ Respondents vary and include retailers, restaurants, professional and personal service providers, and construction. More than any other category, 30.3% of respondents reported that they are in the finance, insurance, or real estate industry.
- ◆ Many respondents reported that downtown Milwaukie's convenient location is an asset for doing business. Respondents reported that the downtown is either close to their home, close to customers, close to freeways or close to Portland.
- ◆ Ten respondents listed parking as a disadvantage. Respondents also reported low foot traffic and the local sign ordinance as problems.
- ◆ Most respondents report either holding their own or declining business activity (40.6%).
- ◆ Respondents are fairly evenly split between having plans to expand operations (42.4%) and having no plans to change (39.4%).
- ◆ Approximately one third of respondents report that they will make physical improvements to their store and add products, services, marketing activities and employees in the next two years.
- ◆ A strong majority of respondents report that the current condition of the economy is the largest obstacle faced today (76.7%).
- ◆ Most respondents report that marketing/advertising information is important for their business to remain healthy and competitive (70.4%). The next most popular response is market identification (40.7%), which is closely related to marketing and advertising.



Competitive Assessment

Successful business districts of any size have a healthy business climate and a pro-active marketing program. Key amenities and characteristics to draw customers and/or business prospects to neighborhood or community shopping centers include those listed below:

Exhibit 4. Business District Attractors

Access & Linkages

- Good visibility
- Walkability-pedestrian friendly
- Transportation/transit access
- Good signage
- Parking availability

Uses & Activities

- Overall active use—'street life' daytime and evening
- Destination attraction(s) in close proximity
- Mix of stores/services—active business clusters
- Frequency of events
- Limited vacancies
- Local entrepreneurship
- Quality goods and services
- Stable/improving real estate values

Factors Affecting Retail Location

- Compatible land use patterns
- Property values (realistic)
- Rent levels (realistic)
- Organized promotions
- Good downtown management
- Business compatibility

Image (clean, safe, green, attractive, places to sit, ambiance)

- Welcoming physical appearance—friendly, green, attractive streetscape
- Safe
- Clean, well maintained
- Benches, garbage cans, bike racks
- Unique atmosphere
- Sense of pride and ownership

Source: Marketek, Inc.

These factors are particularly critical for older commercial districts seeking to compete for retail dollars being spent with new shopping malls, lifestyle centers and big box retailers. A snapshot of downtown Milwaukie's assets and challenges appears in Exhibit 5 and is provided in the photos that follow to help evaluate downtown Milwaukie from two key perspectives:

- 1) What customers want from a shopping experience; and
- 2) Business climate and marketing factors that affect business decision-makers seeking a profitable location.

Exhibit 5. Downtown Milwaukie Competitive Assessment

Geography/Description

Downtown Milwaukie is roughly bounded by Hwy 99E to the west, 21st St. to the east, Scott St. to the north and Adams St. to the south.

Strengths/Assets

- ◆ Compact, linear, walkable business district
- ◆ Strong and large local markets with 97,000 in the retail market area and over 22,000 employees (e) in a 2-mile radius
- ◆ Numerous downtown business anchors contribute to built-in customer base including Dark Horse Comics and Advantis offices. Major employers in very close proximity: Blount (1,000 e), Precision Cast Parts (1,000 e), Providence Milwaukie Hospital (750 e) and the schools (300 e).
- ◆ Civic/community anchors including city hall, library, Masonic Lodge, post office and Waldorf School bring hundreds of people to downtown daily
- ◆ Proximity to Willamette Riverfront Park which is both a downtown and community asset
- ◆ Significant private and public investment in streetscape and mixed use projects including North Main with 100 housing units and 1st State Bank Building commercial redevelopment
- ◆ Highly successful Farmer's Market draws people from well beyond Milwaukie
- ◆ Several small nodes of active, quality businesses to build upon
- ◆ Downtown & Riverfront Framework Plan (2000) and Downtown Revitalization Plan (2003) continue to provide excellent foundation for action
- ◆ A small but positive, can-do group of downtown leaders ready to make change

Challenges

- ◆ Downtown competes with significant neighborhood and regional shopping centers within close proximity
- ◆ Uneven building quality, dominance of suburban architectural style and parking lots disrupt the rhythm of the downtown district
- ◆ Perception of downtown parking limitations
- ◆ Downtown's development momentum temporarily stalled by the economy
- ◆ Lingering negative self-image and lack of confidence in downtown by some downtown stakeholders could be holding back the energy
- ◆ Diverse customer base from blue collar workers to office professionals
- ◆ Retail is almost nonexistent in downtown Milwaukie making it harder to get a jumpstart
- ◆ Large blocks occupied by office users that will not turn over rapidly
- ◆ Many downtown properties are uninviting with blinds drawn and not retail-oriented

Exhibit 5. Downtown Milwaukie Competitive Assessment (continued)

Challenges (continued)

- ◆ Enticing Highway 99 traffic into downtown
- ◆ Absence of design standards may negatively effect the built environment

Opportunities

- ◆ Several small nodes of business energy to build upon in expanding the business and customer base
- ◆ Light rail station anticipated to anchor downtown by 2015 at the southern tip of downtown Milwaukie, with public courtyard and new private development
- ◆ Opportunity sites on Highway 99 to better link downtown--EX: SE corner of Washington & 99E
- ◆ Highway 99 gas stations are magnets for commuters and offer potential for cross marketing w/ other businesses
- ◆ Several downtown business clusters to be packaged and promoted: over a dozen dining establishments, many more natural health care/medical providers, and small design/home furnishings cluster
- ◆ Key visitor destinations nearby to cross-promote with downtown including Pendleton Woolen Mill Store and Bob's Red Mill restaurant/retail shop
- ◆ Urban Renewal Feasibility Study underway potentially providing a funding source for public improvements and private incentives
- ◆ The former Comic Museum was a large visitor draw; explore interest and potential in reinvigorating
- ◆ Milwaukie Lumber in downtown plans to relocate creating key development site opportunity

Strengths



New development in downtown



Several quality local shops & restaurants



Community anchors including the Waldorf School

Challenges



Ground floor office in retail space Auto orientation of 99E



Cluttered storefronts

Opportunities



Historic preservation & retail/restaurant opportunities



Potential to build on Dark Horse & other business anchors



New housing in downtown

Retail Strategy Development

At the heart of downtown Milwaukie's long term success is its ability to offer businesses, residents and visitors a unique and welcoming environment unlike any they can find elsewhere. The following recommended retail strategies are provided for downtown Milwaukie related to:

- 1) Market Position
- 2) Business Mix and Targets
- 3) Business Clustering
- 4) Property Development

Market Position

Downtown Milwaukie must view itself as a 'product' and market itself to compete with other nearby shopping centers and business districts. Its brand identity, marketing themes are under development as part of the district's promotion and marketing plan. Developing a common message and identity will provide guidance for downtown's marketing, urban design elements, signage, advertising, marketing collateral, website, etc. However, a 'market position' is suggested below to distinguish downtown Milwaukie as a business district and to be helpful in business development efforts. In general, downtown Milwaukie should promote itself as a unique and special destination for residents, visitors and businesses. A sample market position statement focused on market advantages follows:

Downtown Milwaukie is an historic mixed-use business district emphasizing dining and entertainment, with unique local business owners and hometown service. It is the heart of Milwaukie where friends and family gather together and enjoy a sense of community.

Business Mix and Targets

A successful business district in virtually any size community will have a balance and mix of uses that includes retail shopping, professional, cultural, financial and government services, entertainment, housing and personal services. Downtown Milwaukie already exists as a mixed-use business center bringing residents, businesses, employees and visitors together for many purposes. This highly diverse marketplace is both an opportunity and a challenge for Milwaukie. From a market perspective, Main Street leaders must recognize that in the short term, the district can't

be all things to all people. It must begin by building on its sizable captive market—the employee base. Successful retail expansion to serve these and other markets will occur over time block by block, with a focused approach.

A critical goal over the next few years will be to increase the number of retail and restaurant/entertainment businesses in downtown's key retail-oriented blocks where quality retail space exists. This includes the Main Street blocks between Scott and Harrison and Jackson and Monroe and Jefferson Street between 21st and Main Streets. In addition, downtown Milwaukie should consider aggressively seeking additional large employers, especially office workers for key blocks and redevelopment locations off of Main Street. No doubt, this office space will be factored in to future mixed use projects associated with the light rail station.

The results of the statistical market analysis as well as the opinion research indicate that downtown Milwaukie has good opportunity to grow its retail base and fill niches and voids in the local marketplace. Identifying the most appropriate business mix for Milwaukie, as earlier noted, is a function of demographics, lifestyle characteristics, consumer preferences, the existing business base and retail trends.

Success will be achieved in downtown Milwaukie with business owners dedicated to:

- ◆ Providing a good quality product at a fair price
- ◆ Providing exceptional customer service
- ◆ Responding to the changing needs of both trade area customers and visitors
- ◆ Aggressively marketing to these target customer groups
- ◆ Offering multiple, complementary product lines
- ◆ Filling specific, unique niches
- ◆ Having focus, imagination and a deep desire to meet the needs of the customer

Downtown Milwaukie's best business opportunities are for specialty retail, restaurants and entertainment-type businesses. Attraction of additional anchors is critically important as well. Keep in mind that downtown Milwaukie is a unique, one of a kind destination and cannot be directly compared to other successful districts that shoppers identify as models—Sellwood, Hawthorne, the Pearl, Lake Oswego, Bridgeport, etc.

The following list of business and merchandise opportunities (Exhibit 6) potentially can be supported based upon the market analysis. Most were

identified as priorities by shoppers and business owners. Many complement existing businesses/clusters. Combinations of the goods and services as well as many others that have unique appeal to area markets should be considered for business development efforts.

Exhibit 6. Target Downtown Milwaukie Business Opportunities

Merchandise	Boutique bookstore Women's casual apparel Gifts/cards/music Art & craft supplies Garden & outdoor supplies Quality consignment –children's & ladies	Art—locally produced Bicycle shop Jewelry Hardware Pet supplies
Restaurants/Food	Ice cream Bakery Quality grocery w/ take out Health food store/natural food	Brewpub Family dining-50s Deli/bagel shop
Entertainment	Live entertainment/music @ restaurant or coffee house New/refurbished movie theatre	
Personal Care/Service	Copy center/pack & mail Nail/hair salon (more) Computer repair/service Homeopathic/naturopathic care (more) Vision care/eyeglass center	

Business Clustering

Downtown Milwaukie's success in capturing new and expanding retail development and its long term viability as a business district will be strongly influenced by a number of factors, including the ability to build upon existing anchors and assets. A critical success factor for downtown development is the creation of a critical mass of complementary businesses that benefit from each other's sales, customers and markets. The primary vehicle for developing unified groups of stores and businesses

is clustering – creating mutual advantages in terms of pedestrian flow and shared markets between businesses.

Clustering, a management tool used extensively by shopping centers, involves strategically locating businesses within a downtown or business district to take advantage of relationships between nearby businesses. To implement a clustering strategy, it is important to understand existing assets or clusters, to know where building vacancies exist and to identify and actively target businesses to suitable locations. Clustering strategies include locating businesses near compatible businesses, complementary businesses, competitive businesses, or traffic generators.

Successful clustering is dependent on having the appropriate mix of businesses that generate market synergies and an uninterrupted grouping of retail businesses that draw customers to and *through* the entire business district. Clustering businesses that share customers or that have complementary goods will strengthen downtown's market position. Restaurants can be located as entertainment-type anchors throughout the district and have the unique advantage for Milwaukie in their ability to be the 'common ground,' serving all of downtown's diverse markets.

Streetscape improvements, flower baskets and renovated facades directly contribute to a positive pedestrian environment in any downtown district. Pedestrian activity should be encouraged and enhanced throughout Milwaukie's core shopping blocks, especially Main Street. Over time, the downtown retail/restaurant core area will spread out to include a larger area. This guideline is directly linked to urban design, marketing and clustering and speaks to the need to *call out* in all possible ways what the retail focus is in downtown Milwaukie through good building design, signage, landscaping and traffic calming endeavors.

Property Development

One of the best strategies for recruiting business prospects and developers is to be able to provide an inventory of available real estate (properties and lots), and better yet, be in the position to bring key properties to the table. The goal in Property Development strategies is twofold--to stimulate interest and action toward property improvements and to enhance the appearance and condition of downtown Milwaukie properties to attract quality tenants. With or without an urban renewal district in place, the City of Milwaukie should consider providing incentives for property enhancement from façade grants and design assistance to reduced development fees.

Business Development Plan

Successful implementation of downtown Milwaukie's business development program requires strong coordination, consistent communication and commitment to a vision for a more cohesive downtown. Keep in mind the most successful business districts anywhere and in the metro region (Hawthorne, Gresham, etc.) have worked hard abiding by these guidelines for well over a decade. Business development success, even in strong economies, is not achieved quickly. The steps outlined below assume that a collaborative team will work together on the downtown commercial base including the City of Milwaukie, the North Clackamas Chamber of Commerce and the Main Street Milwaukie organization, which will spearhead the process. However, the team should also include a range of individuals from realtors and property owners to business owners and marketing professionals.

Downtown Milwaukie's Economic Restructuring Committee met on September 8 to outline their gameplan between now and the end of 2009, approximately four months. Their priority steps are listed below:

1. Prepare a one page marketing tool highlighting downtown's business location advantages
2. Organize a Business Retention program using Block Captains and following up business issues identified in the business survey.
3. Identify clear targets for business recruitment
 - prepare crisp downtown vision statement
4. Focus on downtown assets– What is working (Canby Asp. Farm, new restaurants, Wonderland, farmers market, etc.)
5. Prepare a list of business incentives to offer new / expanding businesses
6. Identify a downtown Information center including history of Downtown Milwaukie (plaque program)
7. Conduct a retail space inventory
 - connect to property owners, help establish vision

A more detailed Business Development Action Plan is provided in the section that follows to augment and guide additional work of the ER Committee. It addresses all the key components of success from a strong vision and quality product to specific targets and organized campaigns to

generate results. The steps outlined should support and provide guidance for the Economic Restructuring Committees work plan.

ACTION 1: PACKAGE & PROMOTE THE DOWNTOWN VISION

Newcomers to Milwaukie – developers, investors and business prospects – need to be reassured that there is a strong vision and game plan for downtown's long term success. Much groundwork has been laid recently with a variety of downtown initiatives and studies, the market analysis, surveys and Main Street work plans that encompass all facets of downtown success. Next steps are outlined below.

- ◆ **Package Vision.** Create a summary vision – a visual aid, map or a one page synopsis – of the future of downtown Milwaukie over the next 3-5 years: market position, business mix, key redevelopment projects and significant changes. Call out any projects underway or planned. Using a one-piece visual map format with the market data will help reduce confusion and quickly introduce a prospective business or developer to the opportunities available. A map can visually communicate the context of the larger area – highlighting the core area. It can be front and back and include photos of redeveloped Main Street properties.
- ◆ **Share and promote the downtown vision** with all stakeholders and influencers—brokers, property owners, and business owners. Organize small and large group presentations to share the top three goals for 2009-2010 tied to the recent Main Street organizing efforts.

ACTION 2: PREPARE AND DEVELOP YOUR REAL ESTATE PRODUCT

A key short term focus for Downtown Milwaukie's business attraction and expansion program is to inventory built retail space available for occupancy in the core retail area, particularly of a suitable size for small restaurant owners and retailers. Quality business tenants need attractive, appropriately sized commercial properties in the right location for attracting customers. Specialty shops generally seek small square footages – from 500 to 2,000 square feet (SF). Become thoroughly knowledgeable about and actively promote what real estate product downtown Milwaukie has to offer.

- ◆ **Property Database.** A comprehensive property and business data base is under development. This information will provide an important foundation for planning and development.

- ◆ **Market-ready Properties.** Identify the top 3-to-5 properties that are 'ready' for tenants. Within core area, contact property owners of vacant buildings/sites to discern plans, availability and willingness to make improvements. Identify and provide assistance ranging from help in posting For Lease signs and cleaning up to façade improvement assistance to generally make properties more marketable.
- ◆ **Property/Building Profiles.** Create a one-page information sheet for top priority, prime downtown sites and buildings including square footage, lease/sale terms, store fronts/parking, photos, target business types for each property. Put links on the City, Main Street Milwaukie and North Clackamas Chamber websites showing "Commercial Properties Available."
- ◆ **Property Redevelopment.** To significantly influence the retail mix, the Main Street Milwaukie organization must identify priority properties and sites for new tenants, for redevelopment or new infill development and create a gameplan for moving ahead. Use the Property Evaluation Worksheet in Appendix E. Actively explore and evaluate buildings/sites in the core for 'readiness' and timing in terms of development or improvements.
- ◆ **Cross Match Property to Business Target.** Work to match vacant spaces to specific store types and tenants. The business mix and clustering section of this report provides general guidance on this process but each property must be evaluated separately with consideration for market opportunities, neighboring uses, short and long term improvements nearby, etc.
- ◆ **Targets.** Create site-specific business location targets for the core retail area beginning with key Main Street blocks and extending beyond as more information is gleaned about property opportunities and business status.
- ◆ **Ground Floor Space.** Office users occupy prime retail space in almost every Downtown Milwaukie block. Encouraging ground floor retail in the core area begins with educating all downtown stakeholders about the long term vision for the district as a shopping/entertainment destination. Office tenants are highly desirable in selected blocks and upper stories. As time permits, talk with office-type users on ground floors of the core retail area to encourage relocation to sites out of the core retail area or in second-floor locations. Gain permission to market their space if they are willing to relocate.

ACTION 3: STRENGTHEN EXISTING BUSINESS

Businesses are more challenged than ever before to be smart, efficient, focused and marketable. Helping existing downtown businesses succeed is a critical step in the business development process. Most often, Main Street businesses want and need help with marketing and merchandising, finance, systems improvements, tenant and façade improvements, business location/expansion and staying on top of marketplace trends and opportunities. Increasing foot traffic and technology/equipment updates were top interests of downtown Milwaukie businesses. Labor, public access and parking were identified as other needs impacting business success.

A key weakness of small independent businesses, including many observed in downtown Milwaukie, is their inattention to overall image and visual appeal. Store image and identity includes signage, storefronts appearance, transparent windows, window displays, store merchandising, lighting and other elements that collectively send customers a strong impression about business quality and offerings.

As the Main Street Milwaukie Program seeks to address key business needs and connect businesses to resources and services, it should focus on the following top small business issues: Image and Identity, Finance, Marketing and Promotion.

The Economic Restructuring Committee should consider ways to pursue the following retention strategies:

- ◆ Provide a variety of **business assistance** techniques from one-on-one in-store assistance and mentoring to business recognition programs and financial assistance.
- ◆ Offer one-on-one **marketing assistance visits** with e-market/business expert on merchandising, merchandise-mix, pricing, and target marketing. Create a matching grant technical assistance program for free or with commitment from business to follow through.
- ◆ **Package and promote** all of the resources and benefits available to downtown Milwaukie businesses, perhaps as part of the assistance program, labeled as "Downtown Business Toolbox."

ACTION 4:

BUSINESS RECRUITMENT

The Economic Restructuring Committee will need to work hard and smart to find and encourage quality businesses to locate in downtown over other established or newer shopping centers. Shopping centers everywhere are competing head on based upon lease rates, rent concessions and other incentives to gain leverage with new, expanding or relocating retailers. Business development efforts should emphasize unique, locally-owned businesses but also carefully target regional 'chain-lets' that offer credibility and/or the ability to draw a broad middle income market (when property is available).

This section summarizes the core elements of a business recruitment program that even during the current period of economic contraction remains valid. For the next one to two years, the key will be focusing on established retailers (either stand alone or in existing strip malls or other shopping centers) seeking lower costs and seeing the advantage of being in the highly supportive, collaborative business environment being created through Main Street Milwaukie.

Business Recruitment involves two strategic efforts, Marketing and Sales. Marketing without follow-up and personal meetings with businesses, brokers and developers is not an aggressive program.

Important to both efforts is clear understanding of:

- ◆ Product – what do we have to offer?
- ◆ Audience – who are we targeting?
- ◆ Benefit – compelling reason why a business will want to be located here.

IMPLEMENTING THE PLAN

Implementation of the downtown retail business development plan is dependent upon a commitment to downtown as a priority economic development goal; an organized, proactive local business development team; and management by one or more qualified staff with strong sales and marketing skills.

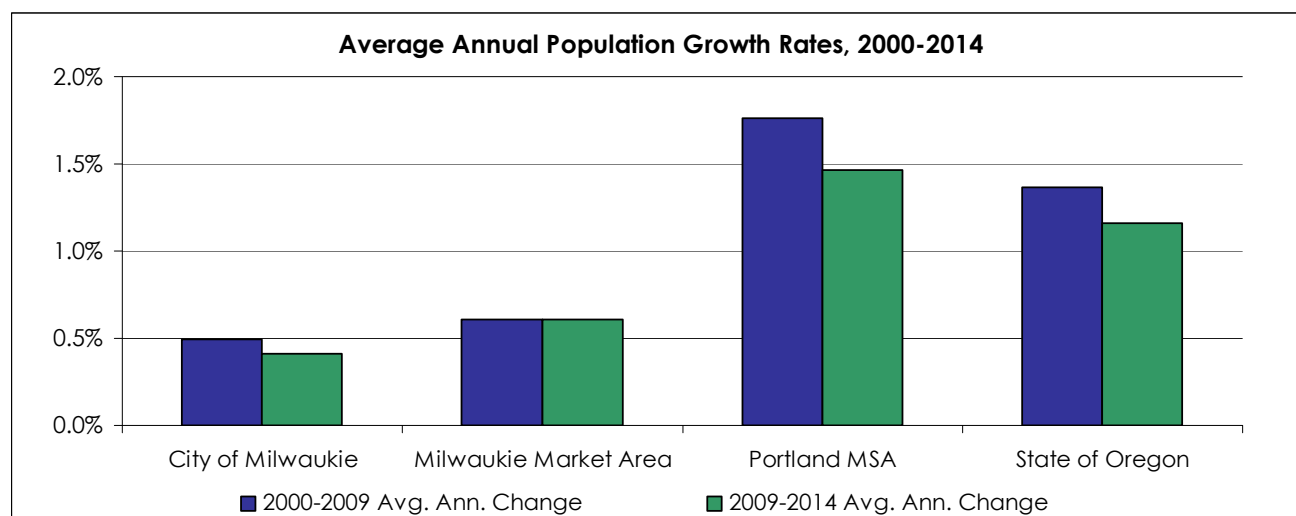
Successful downtown business development programs for small towns and large cities alike have the following key *organizational* elements in common:

- ◆ Public-private partnership where goals, responsibilities, commitment and funding are shared through a unified game plan and common vision.
- ◆ A clear delivery system for ongoing market education, target marketing and sales. Among the stakeholders involved are the City, Chamber, developers, established businesses, residents, lenders, entrepreneurs, schools, and major employers. The Milwaukie Main Street Program is organizing with most of these constituents involved. Keep the 'net cast wide' in the process of ongoing recruitment of key influencers to focus on downtown Milwaukie's success.

Appendix A. Demographic Profile

POPULATION & HOUSEHOLD GROWTH City of Milwaukie, Milwaukie Market Area, Portland MSA and State of Oregon 2000-2014

Geographic Area	Avg. Ann. Change 2000-2009				Avg. Ann. Change 2009-2014		
	2000	2009 (Estimate)	Number	Percent	2014 (Forecast)	Number	Percent
City of Milwaukie							
Population	20,490	21,406	102	0.50%	21,848	88	0.41%
Households	8,561	8,791	26	0.30%	8,998	41	0.47%
Avg. Household Size	2.35	2.37	0.002		2.36	-0.002	
Milwaukie Market Area							
Population	91,827	96,835	556	0.61%	99,771	587	0.61%
Households	38,492	40,288	200	0.52%	41,603	263	0.65%
Avg. Household Size	2.34	2.35	0.001		2.35	0.000	
Portland MSA							
Population	1,927,881	2,233,323	33,938	1.76%	2,396,625	32,660	1.46%
Households	745,531	857,304	12,419	1.67%	919,054	12,350	1.44%
Avg. Household Size	2.54	2.56	0.002		2.57	0.002	
State of Oregon							
Population	3,421,399	3,841,859	46,718	1.37%	4,064,906	44,609	1.16%
Households	1,333,723	1,495,911	18,021	1.35%	1,584,044	17,627	1.18%
Avg. Household Size	2.51	2.51	0.000		2.51	0.000	

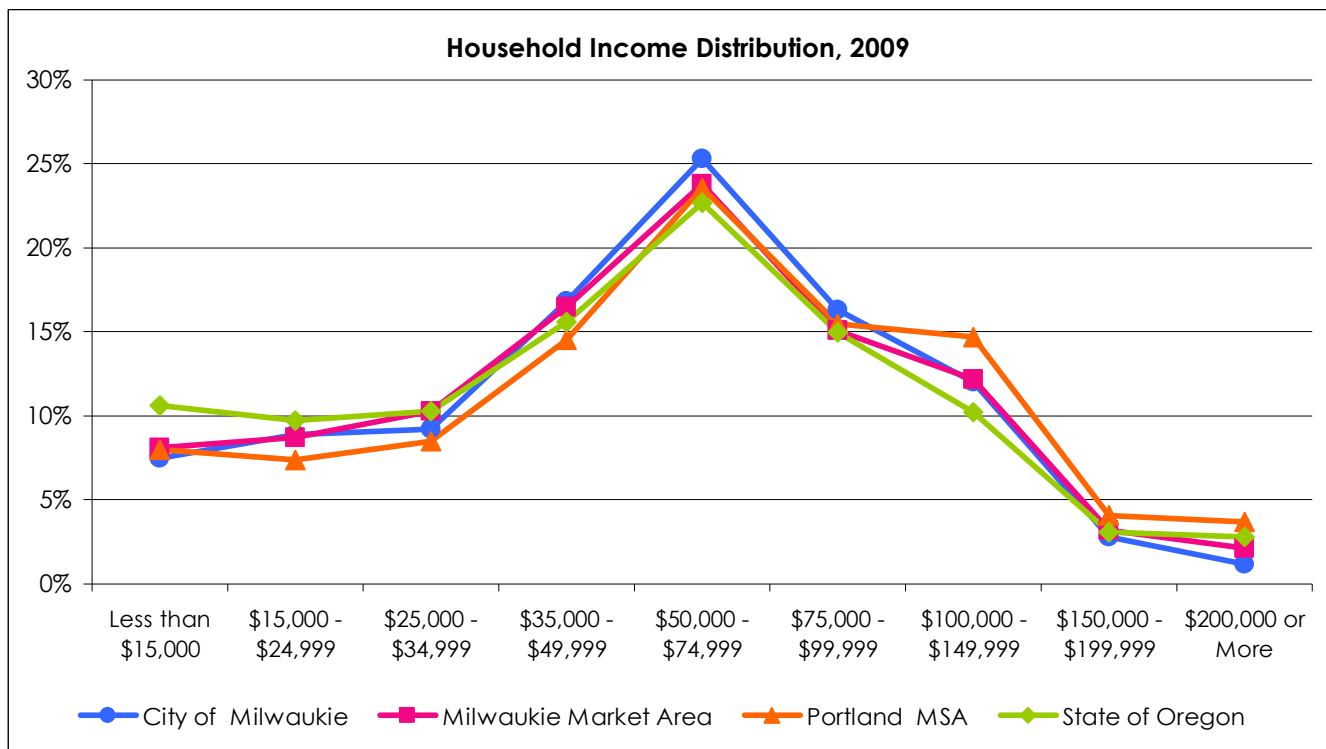


Source: ESRI BIS

HOUSEHOLD INCOME
City of Milwaukie, Milwaukie Market Area, Portland MSA and Oregon
2009

Income	City of Milwaukie	Milwaukie Market Area	Portland MSA	State of Oregon
Less than \$15,000	7.5%	8.1%	8.0%	10.6%
\$15,000 - \$24,999	8.9%	8.7%	7.4%	9.7%
\$25,000 - \$34,999	9.2%	10.3%	8.5%	10.3%
\$35,000 - \$49,999	16.8%	16.5%	14.5%	15.6%
\$50,000 - \$74,999	25.3%	23.8%	23.6%	22.7%
\$75,000 - \$99,999	16.3%	15.1%	15.5%	15.0%
\$100,000 - \$149,999	12.0%	12.2%	14.7%	10.2%
\$150,000 - \$199,999	2.8%	3.2%	4.1%	3.1%
\$200,000 or More	1.2%	2.1%	3.7%	2.8%
Total	8,791	40,288	857,304	1,495,911

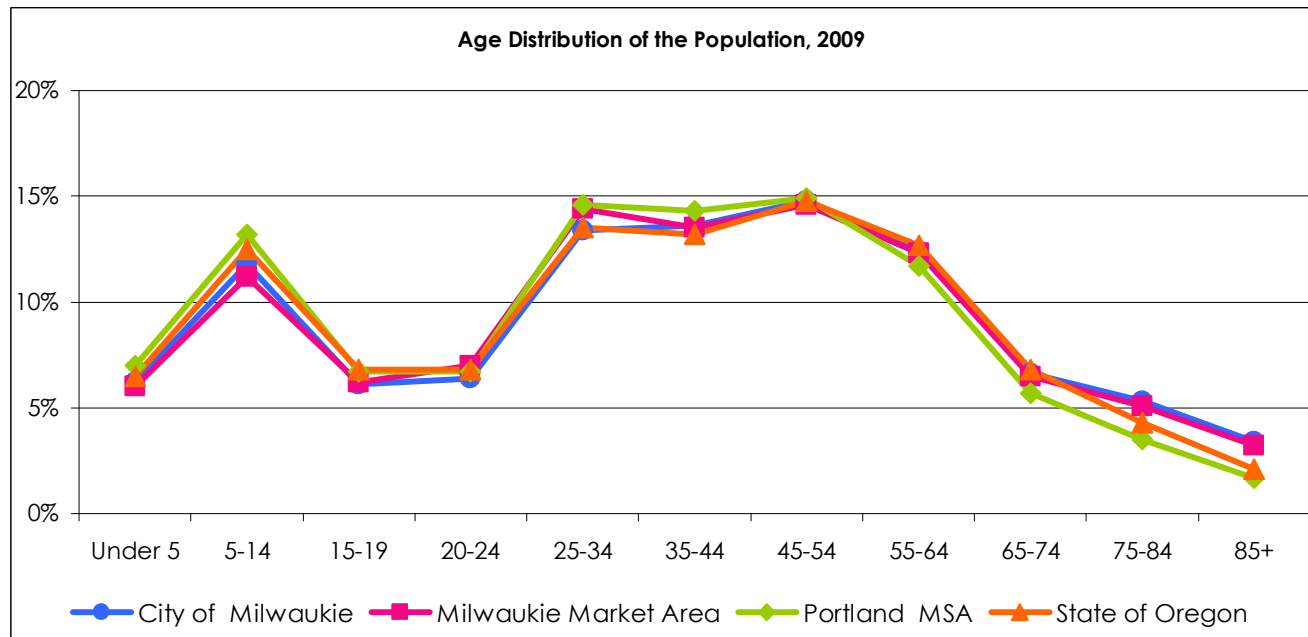
Median Household Income	\$58,166	\$56,533	\$62,166	\$53,483
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Source: ESRI BIS

POPULATION BY AGE
City of Milwaukie, Milwaukie Market Area, Portland MSA and Oregon
2009

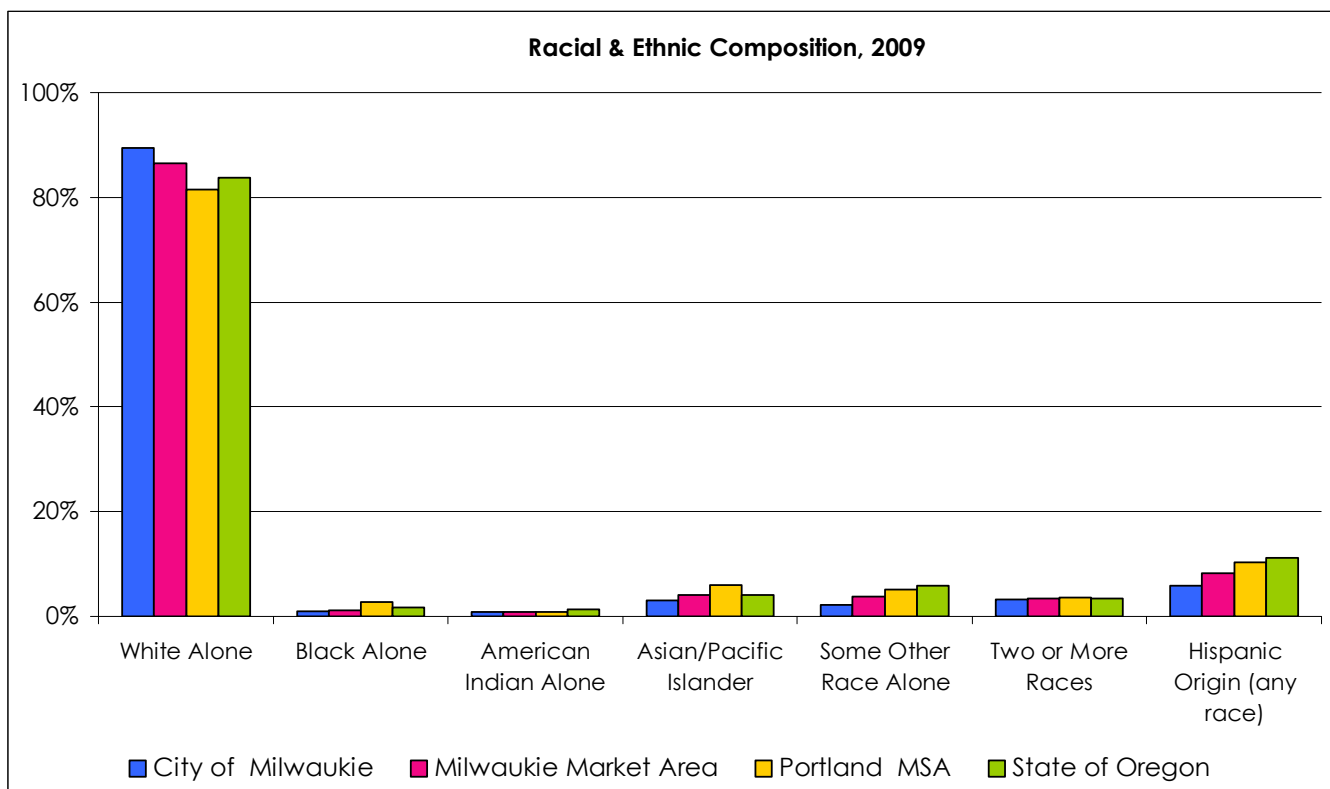
Age Category	City of Milwaukie	Milwaukie Market Area	Portland MSA	State of Oregon
Under 5	6.2%	6.0%	7.0%	6.5%
5-14	11.8%	11.2%	13.2%	12.5%
15-19	6.1%	6.2%	6.7%	6.8%
20-24	6.4%	7.0%	6.7%	6.8%
25-34	13.4%	14.4%	14.6%	13.5%
35-44	13.6%	13.5%	14.3%	13.2%
45-54	14.8%	14.6%	14.9%	14.8%
55-64	12.4%	12.3%	11.7%	12.7%
65-74	6.6%	6.5%	5.7%	6.8%
75-84	5.3%	5.1%	3.5%	4.3%
85+	3.4%	3.2%	1.7%	2.1%
Total	21,406	96,835	2,233,323	3,841,859
Median Age	39.6	38.8	36.3	38.0



Source: ESRI BIS

RACIAL & ETHNIC COMPOSITION
City of Milwaukie, Milwaukie Market Area, Portland MSA and Oregon
2009

Race/Ethnicity	City of Milwaukie	Milwaukie Market Area	Portland MSA	State of Oregon
White Alone	89.5%	86.5%	81.5%	83.7%
Black Alone	1.0%	1.2%	2.8%	1.7%
American Indian Alone	0.9%	0.9%	0.9%	1.3%
Asian/Pacific Islander	3.1%	4.1%	6.0%	4.1%
Some Other Race Alone	2.3%	3.8%	5.1%	5.8%
Two or More Races	3.2%	3.5%	3.7%	3.4%
Hispanic Origin (any race)	5.9%	8.3%	10.3%	11.2%
Total	21,406	96,835	2,233,323	3,841,859



Source: ESRI BIS

Community Tapestry Segments

Recognizing that people who share the same demographic characteristics may have widely divergent interests and shopping preferences, Community Tapestry data (developed by ESRI Business Information Solutions) categorizes neighborhoods throughout the nation into 65 consumer groups or market segments. Neighborhoods are geographically defined by census blocks, which are analyzed and sorted by a variety of demographic and socioeconomic characteristics as well as other determinants of consumer behavior.

Market area households have been grouped into Tapestry market segments. The top market segments within the Milwaukie Market Area are identified and summarized in the chart on the following page.

TOP TEN TAPESTRY MARKET SEGMENTS
Milwaukie Market Area
2009

Market Segment		% of Hholds	Hhold Type	Median Age	Median Income	Consumer Preferences & Purchases
1	Main Street, USA	33.3%	Family Mix	37	\$55,144	These fairly well-educated consumers tend to purchase software, savings certificates, home improvement items and prescription medication. Civic-minded, they often attend public meetings and work as volunteers.
2	Old and Newcomers	13.9%	Single Persons/ Shared Hholds	37	\$42,971	Households are often in transitional mode, either starting careers or retiring. Older members consult with financial planners and are health-conscious. Younger members typically enjoy movies, college football games and activities such as yoga and kickboxing.
3	Metropolitans	10.5%	Married couples/ Singles	38	\$61,973	Singles and childless couples with a busy, urban lifestyle. Do yoga, listen to jazz and visit museums. Travel frequently for business and pleasure.
4	Aspiring Young Families	7.0%	Family Mix	31	\$50,392	Live in start up homes or town homes, nearly half are renters, spend their discretionary income on their children and homes. Enjoy eating out, movies, and playing sports.
5	Retirement Communities	6.2%	Married couples/ Singles	51	\$48,045	Live in multiunit dwelling, frequently congregate housing that includes meals and other services in rent. Residents make good health a priority and spend leisure time playing bingo, gambling and spoiling their grandchildren.
6	Cozy and Comfortable	5.6%	Married couples	42	\$65,768	Middle-aged married couples settled in single-family homes in older neighborhoods. These families have mutual funds, second mortgages and home equity lines of credit. They play softball and golf, eat at family restaurants and travel domestically.
7	Exurbanites	5.3%	Married couples	45	\$88,195	Empty nester couples who spend time working in their garden or decorating their homes. Enjoy domestic wine, attending the theater and outdoor activities such as boating and hiking.
8	In Style	4.5%	Married couples without children	40	\$72,112	Well-educated professional couples who may live in the suburbs but enjoy the amenities of the city. They travel frequently for business and pleasure, own mutual funds and contribute to 401-K accounts. Enjoy dining out and shopping at stores such as Anne Taylor and Nordstrom.
9	Young and Restless	3.7%	Singles/ Shared hholds	29	\$43,645	These households are young and on the go. Their purchases center on themselves and include sports gear, designer clothing and computers and software. Favorite stores include Banana Republic and Express.
10	Prosperous Empty Nesters	2.7%	Married couples without children	49	\$69,834	Enjoying the segue between child rearing and retirement, these couples place a high value on their physical and financial well-being. Leisure activities include playing golf, going boating and extensive travel.
Total Households		92.7%				

Source: ESRI BIS

Appendix B. Retail Demands

SUMMARY OF MERCHANDISE AND SERVICE CATEGORIES

Merchandise/Service Category	Types of Goods/Services
Apparel	Women's Apparel, Men's Apparel, Children's, Footwear, Watches & Jewelry
Home Furnishings	Furniture, Floor Coverings, Major and Small Appliances, Household Textiles, Floor Coverings, PC Software and Hardware, Housewares, Dinnerware, Telephones
Home Improvement	Maintenance and Remodeling Materials, Lawn & Garden
Misc. Specialty Retail	Pet Care, Books & Periodicals, Sporting Equipment, Toys & Hobbies, Video Cassettes & Games, TV/VCR/Cameras, Audio Equipment, Luggage, Eyeglasses
Groceries	Food at Home, Nonalcoholic Beverages at Home, Alcoholic Beverages, Smoking Products
Restaurants	Food Away From Home, Alcoholic Beverages
Entertainment	Admission to Movie/Theater/Opera/Ballet, Recreational Lessons, Participation in Clubs
Personal Services	Shoe Repair, Video Rental, Laundry & Dry Cleaning, Alterations, Clothing Rental & Storage, Watch & Jewelry Repair, Photo Processing & Supplies, Child Care

Source: ESRI BIS

EXISTING RETAIL BALANCE
Milwaukie Market Area
2009

Merchandise Category	Demand/ Spending Potential	Supply/ Retail Sales	Leakage (or Surplus)	Target Sales (\$/SF)*	Potential Space
Shoppers Goods					
Apparel	\$31,597,326	\$57,013,792	(\$25,416,466)	---	---
Home Furnishings	\$28,167,394	\$44,500,965	(\$16,333,571)	---	---
Electronics & Appliances	\$27,354,125	\$14,996,963	\$12,357,162	\$199	62,096
Home Improvement & Gardening	\$35,930,908	\$42,588,463	(\$6,657,555)	---	---
Sporting Goods, Hobbies, Books & Music	\$13,416,487	\$61,629,132	(\$48,212,645)	---	---
General Merchandise	\$170,043,590	\$239,492,018	(\$69,448,428)	---	---
Miscellaneous Specialty Retail (florist, office supplies, gift stores, etc.)	\$16,247,945	\$27,718,251	(\$11,470,306)	---	---
Convenience Goods					
Grocery	\$170,483,375	\$171,189,959	(\$706,584)	---	---
Health & Personal Care	\$25,770,063	\$22,096,421	\$3,673,642	\$365	10,065
Restaurants	\$148,633,157	\$156,171,014	(\$7,537,857)	---	---
Total Leakage					\$16,030,804
Estimated Supportable Square Footage					72,161

* Target sales are based on the Urban Land Institute, "Dollars and Cents of Shopping Centers."

Source: ESRI BIS; Marketek, Inc.

RETAIL EXPENDITURE POTENTIAL
Milwaukie Market Area
2009-2019

Merchandise or Service Category	Per Household Expenditure	Target Sales (\$/SF)*	2009 Retail Potential		2014 Retail Potential		2019 Retail Potential	
			Sales (in mil \$)	Space (SF)	Sales (in mil \$)	Space (SF)	Sales (in mil \$)	Space (SF)
Apparel	\$1,545	\$209	\$62.3	297,915	\$64.3	307,639	\$66.4	317,681
Home Furnishings	\$1,465	\$199	\$59.0	296,544	\$60.9	306,223	\$62.9	316,218
Home Improvement	\$1,143	\$140	\$46.0	328,807	\$47.5	339,539	\$49.1	350,622
Misc. Specialty Retail	\$1,720	\$216	\$69.3	320,746	\$71.5	331,215	\$73.9	342,026
Shoppers Goods			\$236.6	1,244,012	\$244.3	1,284,617	\$252.3	1,326,547
Grocery	\$5,734	\$390	\$231.0	592,332	\$238.5	611,666	\$246.3	631,631
Health/Personal Care	\$976	\$365	\$39.3	107,703	\$40.6	111,218	\$41.9	114,848
Convenience Goods			\$270.3	700,035	\$279.1	722,884	\$288.3	746,479
Restaurants	\$3,510	\$263	\$141.4	537,727	\$146.0	555,278	\$150.8	573,403
Entertainment	\$455	\$90	\$18.3	203,557	\$18.9	210,201	\$19.5	217,062
Personal Services	\$977	\$151	\$39.3	260,565	\$40.6	269,070	\$42.0	277,852
Total			\$706.0	2,945,897	\$729.0	3,042,051	\$752.8	3,141,343
Five Year Net Gain					\$23.0	96,154	\$23.8	99,293

* Target sales are based on the Urban Land Institute, "Dollars and Cents of Shopping Centers."

Sources: ESRI BIS; Urban Land Institute; Marketek, Inc.

TYPICAL SIZE OF SELECTED BUSINESSES

Merchandise or Service Category/Business	Median	National	Local Chain	Independent
Specialty Retail				
Appliances	5,956	6,292	5,911	~
Art Gallery	1,802	~	1,802	1,907
Beauty Supplies	1,807	1,634	2,450	1,829
Bike Shop	3,440	~	~	2,596
Bookstore	10,093	23,000	9,990	2,740
Cameras	2,000	2,000	~	~
Children's Wear	3,913	4,879	3,054	2,105
Family Shoe Store	4,000	4,113	5,100	2,460
Family Wear	8,000	8,500	3,474	5,132
Gift/Cards	4,200	4,900	3,780	1,653
Hardware	13,200	13,900	~	~
Home Accessories	7,595	10,215	5,365	2,462
Jewelry	1,500	1,610	1,968	1,200
Luggage	2,500	2,499	~	~
Men's Clothing Store	3,500	4,319	3,065	2,750
Pet Supplies	7,995	17,600	3,201	3,200
Record/Tapes	4,464	6,178	~	2,017
Sporting Goods	8,465	22,000	4,980	2,995
Toys	7,855	12,000	~	3,344
Women's Ready to Wear	4,400	4,503	3,960	2,145
Convenience				
Drugstore/Pharmacy	10,920	10,860	16,668	4,977
Supermarket	50,420	49,071	51,495	23,300
Bakery	1,990	4,000	~	1,700
Gourmet Grocery	18,000	~	~	~
Wine/Liquor	3,440	~	6,237	2,920
Personal Services				
Day Spa	2,875	~	2,563	3,060
Women's Hair Salon	1,400	1,450	1,250	1,361
Nail Salon	1,200	~	1,200	1,200
Health Club	10,249	9,548	5,508	10,249
Mail/Packaging/Photocopying	1,278	1,240	~	1,236
Tailor/Alteration	950	~	900	1,035
Video Rental	6,000	6,333	4,240	4,733
Drycleaners	1,800	~	1,800	1,649
Day Care	4,000	~	~	3,901
Laundry	2,114	~	2,150	1,955
Restaurants				
Restaurant with Liquor	5,204	6,669	5,600	3,362
Restaurant without Liquor	3,581	6,500	3,025	2,625
Bar/Cocktail Lounge	3,821	~	~	3,821
Ice Cream Parlor	1,137	1,144	1,137	1,116
Coffee/Tea	1,578	1,650	1,624	1,400
Entertainment - Cinema	35,022	37,161	35,022	21,250

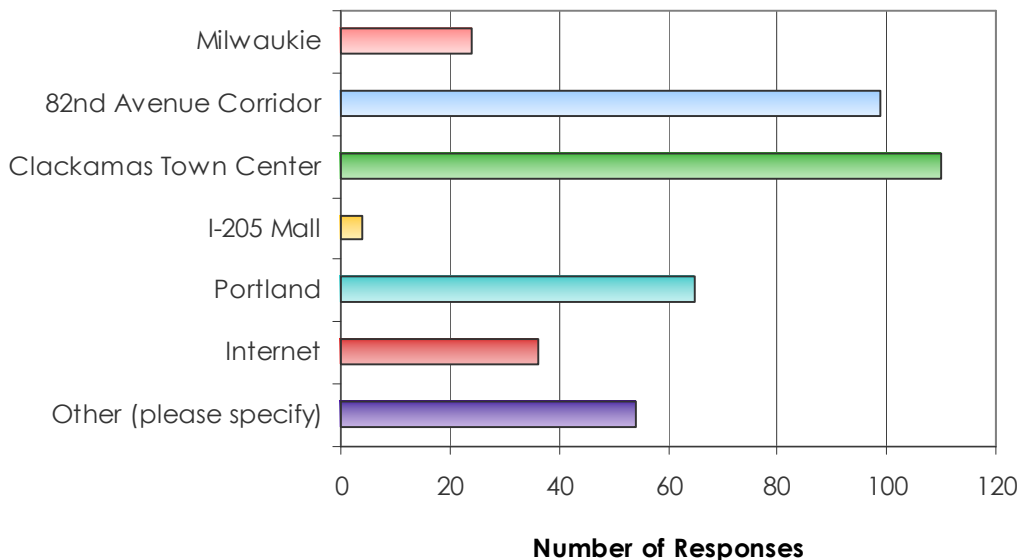
Source: Urban Land Institute, "Dollars and Cents of Shopping Centers"

Appendix C. Shopper Survey Results

Section 1: Shopping & Services in Milwaukie

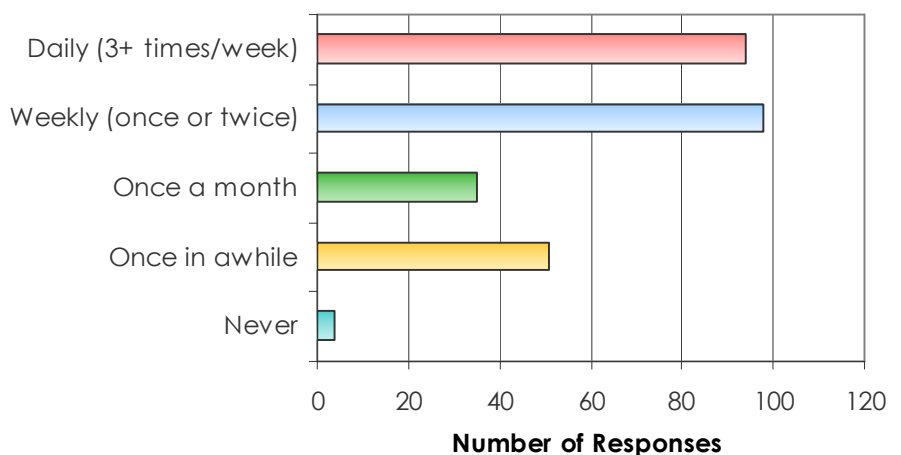
1. Where do you do most of your non-grocery shopping (e.g., apparel, home furnishings, sporting goods, etc.)? (276 respondents)

- ★ More respondents choose to do their non-grocery shopping at Clackamas Town Center than any other shopping destination (39.9%).
- ★ The 82nd Avenue Corridor is the next most popular shopping destination (35.9%). Only 24 respondents shop in downtown Milwaukie (8.7%).
- ★ Some of the 54 respondents who chose 'other' report shopping at Sellwood and the McLoughlin corridor.



2. How often do you come to downtown Milwaukie? (282 respondents)

- ★ Most respondents come to downtown Milwaukie multiple times per week (68.1%).
- ★ Respondents who only travel to downtown Milwaukie once a month or once every several months account for 30.5% of those surveyed.

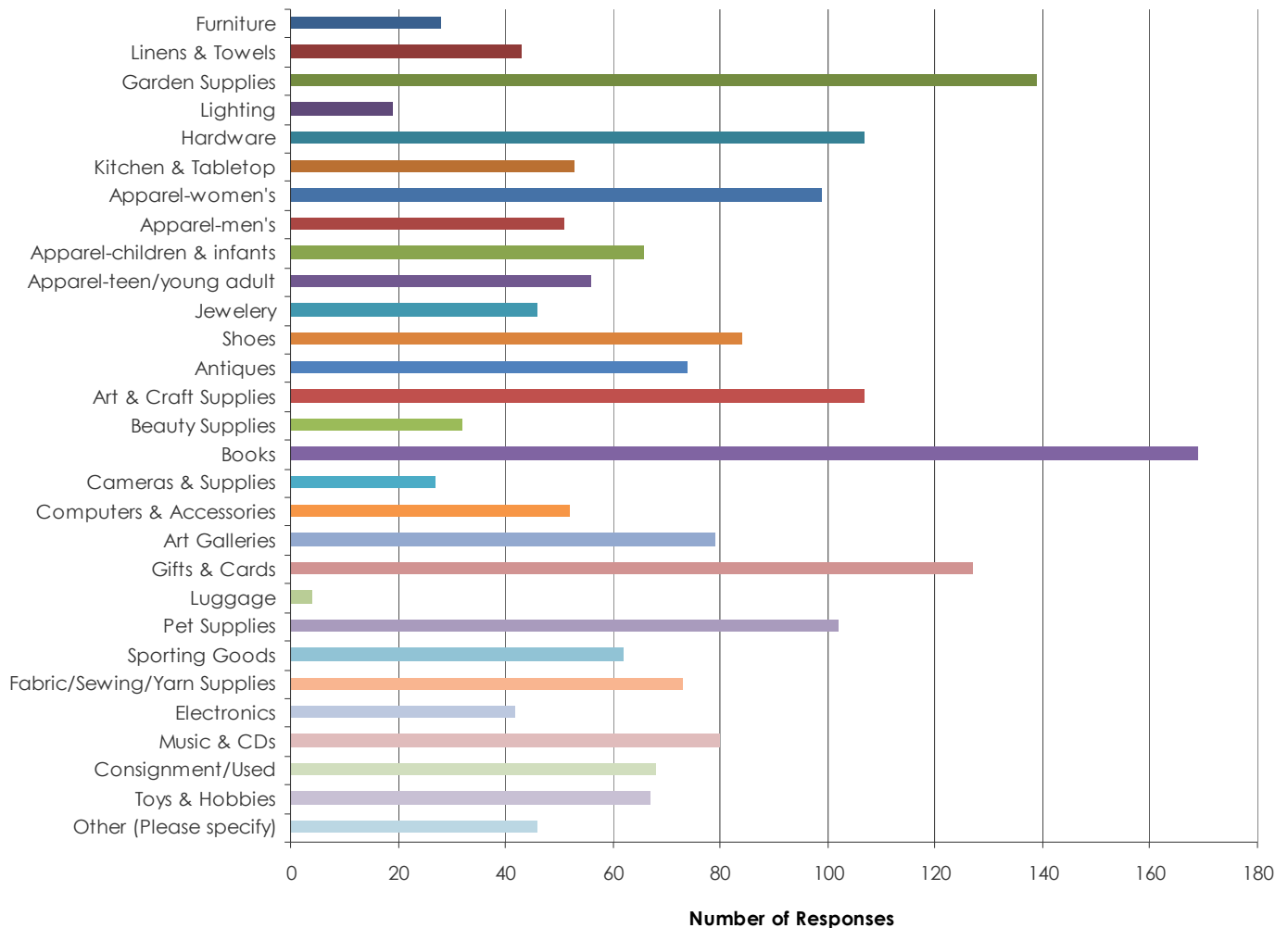


3. What would bring you to downtown Milwaukie more frequently? (233 respondents)

- ★ Many respondents suggest that a grocery store would help bring more people to downtown Milwaukie. Several answers specifically request a high-end grocery like Trader Joes.
- ★ *"I only come for an occasional lunch and for acupuncture treatments at Acupuncture for Wellness on Lake Road. I also come for the library and Sunday Market. As far as year round draw, a decent grocery store (not more 7/11 types) is a necessity. Taking the vertical blinds down from Main Street to make it more inviting would help. More shops like the candy store."*
- ★ *"More shopping, nightlife, public spaces, mixed-use development"*
- ★ *"A nice family restaurant-we also really miss having Dairy Queen there-with trying to develop the waterfront, I know of a lot of people that would enjoy just being able to buy an ice cream cone and walking across down to the river front-right now we only have Mikes up on Harrison which is too far"*

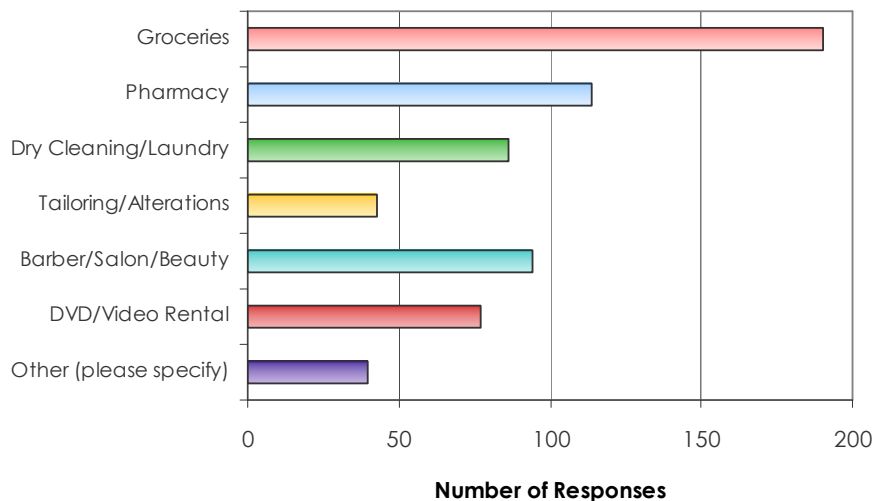
4. What kinds of GENERAL & SPECIALTY MERCHANDISE do you think are needed locally and would be supported in downtown Milwaukie if they existed? (Check all that apply) (272 respondents)

- ★ Books are by far the most requested specialty good (62.1%), followed by garden supplies (51.1%).
- ★ Respondents demand luggage less than any other specialty good (1.5%).
- ★ "Other" suggestions include a grocery store and bicycle shop, among others.



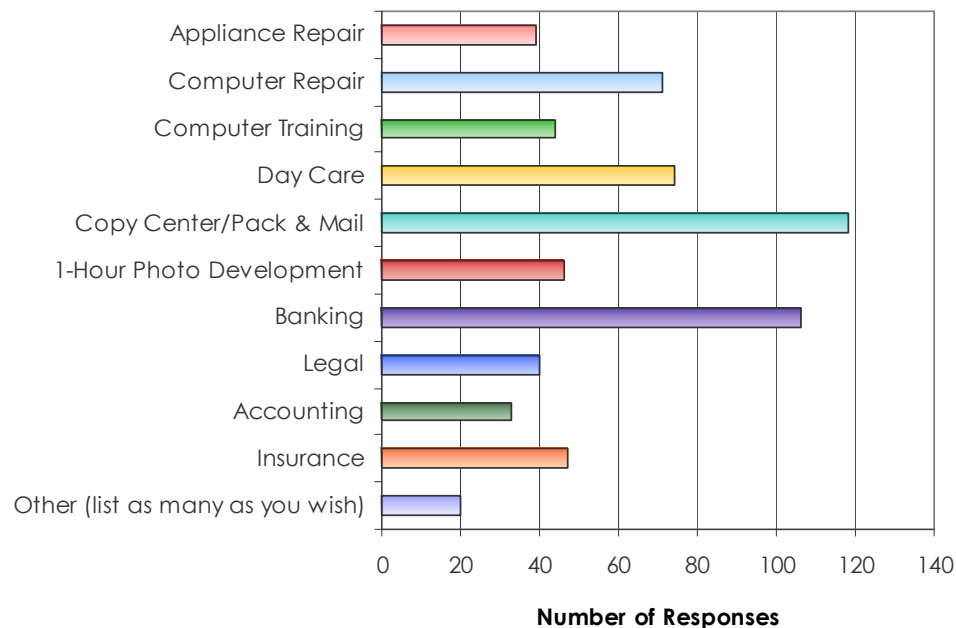
5. What kinds of CONVENIENCE MERCHANDISE and PERSONAL SERVICES do you think are needed locally and would be supported by Downtown Milwaukie if they existed? (Check all that apply) (248 respondents)

- ★ A strong majority of respondents believe that groceries are needed in the downtown (76.6%).
- ★ Tailoring and alteration services are in the least demand (17.3%).

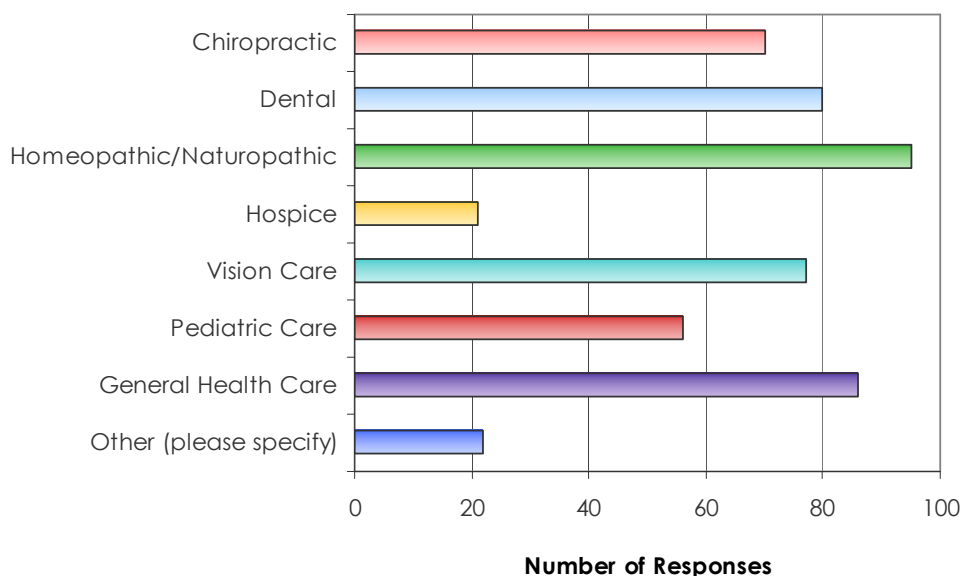


6. What kinds of GENERAL SERVICES do you think we are needed locally and would be supported in Downtown Milwaukie if they existed? (Check all that apply.) (248 respondents)

- ★ Selected by more than half of respondents, copy center/pack and mail is the most requested general service in Milwaukie (52.4%). This is followed by banking (47.1%) and day care (32.9%).
- ★ Accounting, legal and appliance repair services are the least requested services in Milwaukie.



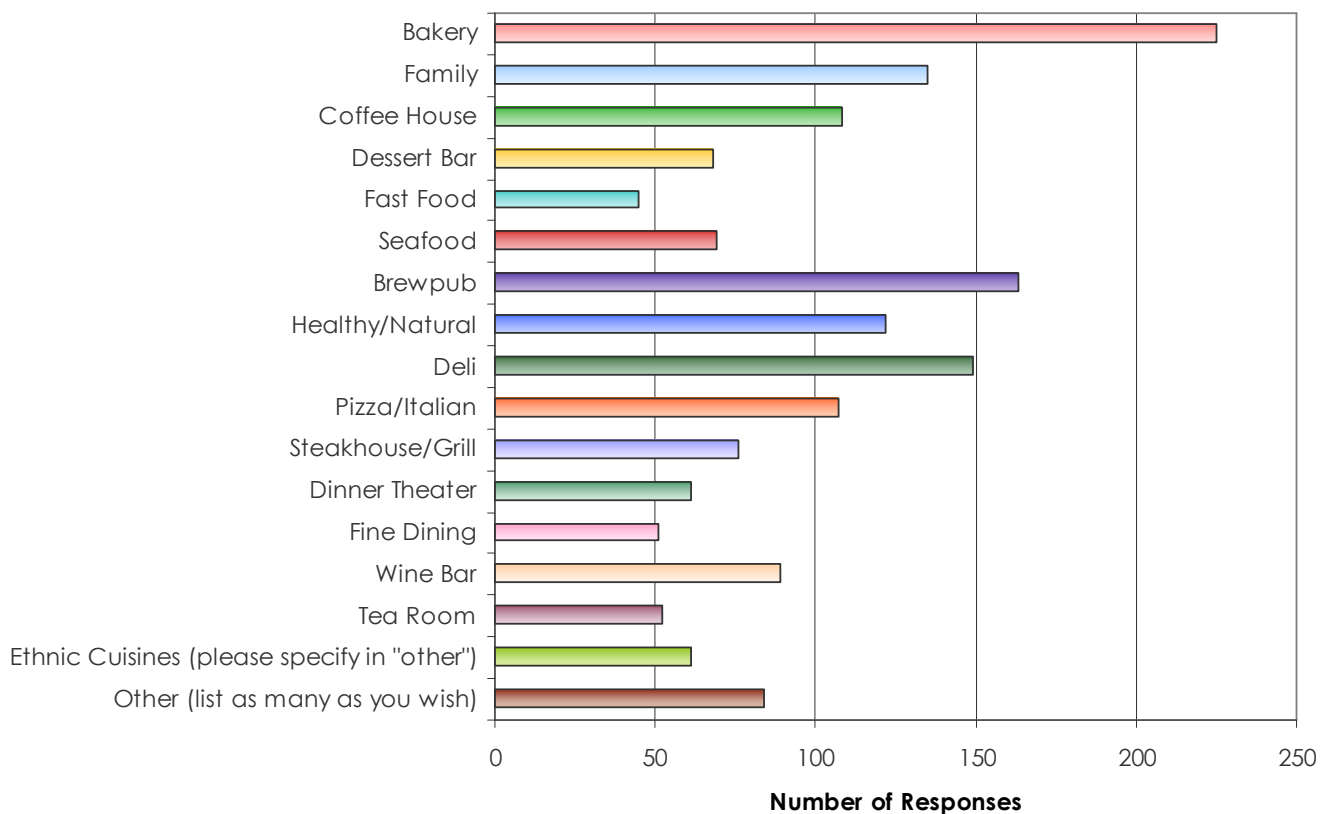
7. What HEALTH SERVICES do you think we are needed locally and would be supported in Downtown Milwaukie if they existed? (Check all that apply.) (225 respondents)



- ★ A majority of respondents believe that Milwaukie needs homeopathic/naturopathic health facilities (53.4%). This is followed by general health care (48.3%) and dental (44.9%).
- ★ Respondents who chose "other" suggested that there is already an adequate supply of health care facilities in the Milwaukie area.

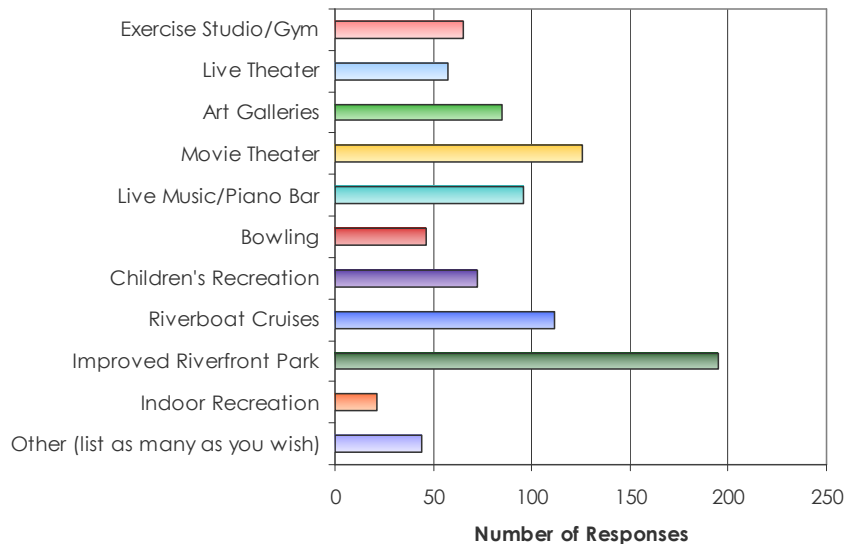
8. In your opinion, what types of RESTAURANTS AND CUISINES do you think we are needed locally and would be supported in Downtown Milwaukie if they existed? (Check all that apply.) (276 respondents)

- ★ A majority of respondents desire a bakery in downtown Milwaukie (81.5%). Brewpubs follow with 59.1% of respondents.
- ★ Only 16.3% of respondents desire additional fast food restaurants.
- ★ The 'other' category is composed of both restaurant types not asked on this survey and more specific answers for the 'ethnic cuisines' category. Respondents suggest restaurants specializing in Thai, Indian, and Japanese cuisines.



9. What kinds of LEISURE/ENTERTAINMENT activities do you think are needed locally and would be supported in Downtown Milwaukie if they existed (Check all that apply.) (263 responses)

- ★ Most respondents think that Milwaukie would benefit from improving the riverfront park (74.1%). Respondents also believe that a new movie theater is needed (47.9%).
- ★ Several respondents that chose "other" note that Milwaukie already has a movie theater that may need renovation. Other suggestions include a climbing wall, skate park, and tennis courts.



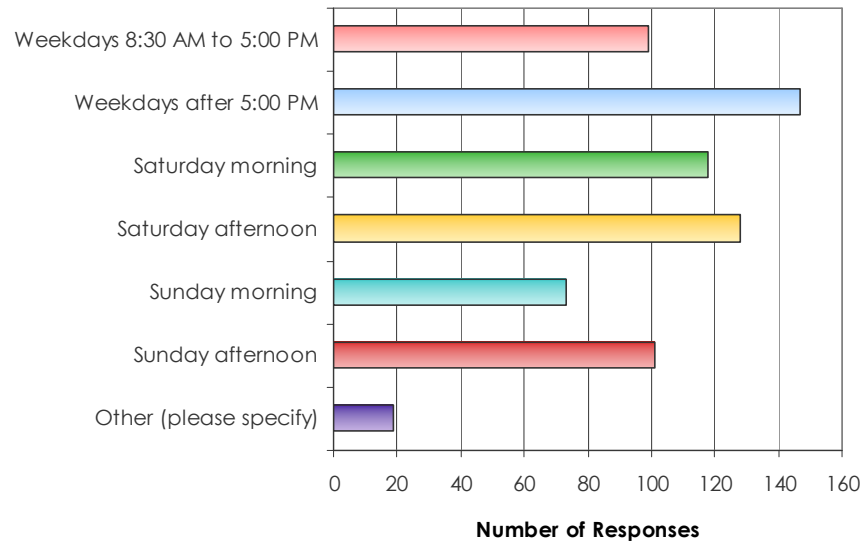
10. Some of the above merchandise and services may be available locally. Please explain why you may not be buying. (111 respondents)

- ★ Shoppers consistently note that the selection of shopping options in Milwaukie is slim compared to other locations. Respondents also note that prices of what is available in downtown Milwaukie are not competitive.
- ★ "I work in downtown Milwaukie, but I live in Portland. It would be great to be able to pick up some items while I'm on my lunch break or after work on my way home. I don't think I checked any boxes next to items available in downtown Milwaukie now."
- ★ "I like to combine my trips to save gas. I can find everything I need usually along 82nd. When I need to go to Milwaukie, ie; Library, I combine it with another stop which converts to weekly or bi-weekly shopping."
- ★ "What little there is seems old and run-down ... we walk our dogs *THROUGH* downtown very, very often, but there is little (if anything) to have us stop and shop. Even if there was, *PARKING* would quickly become an issue."
- ★ "Downtown does not offer a complete selection of everything. I like to do all my errands at one time, close together and downtown is away from everyone else, nor is there good parking."
- ★ "The atmosphere is improving greatly. However, in my opinion, there still isn't the range of items offered that would entice me to shop there regularly. I am looking for a reason to go and hang out there for an extended period of time."
- ★ "Downtown seems dirty and run-down and old. It is not an inviting place to come. There is no secondary reason to come, i.e., you can to one place you need, but a secondary stop you need is more convenient somewhere else."

Section 2: Shopping & Business Preferences

11. What are the best times for you to shop? (Please pick the top 3) (229 respondents)

- ★ Residents prefer to shop during the weekdays, after 5:00 pm (54.2%). Weekend mornings are the least desired times to shop.



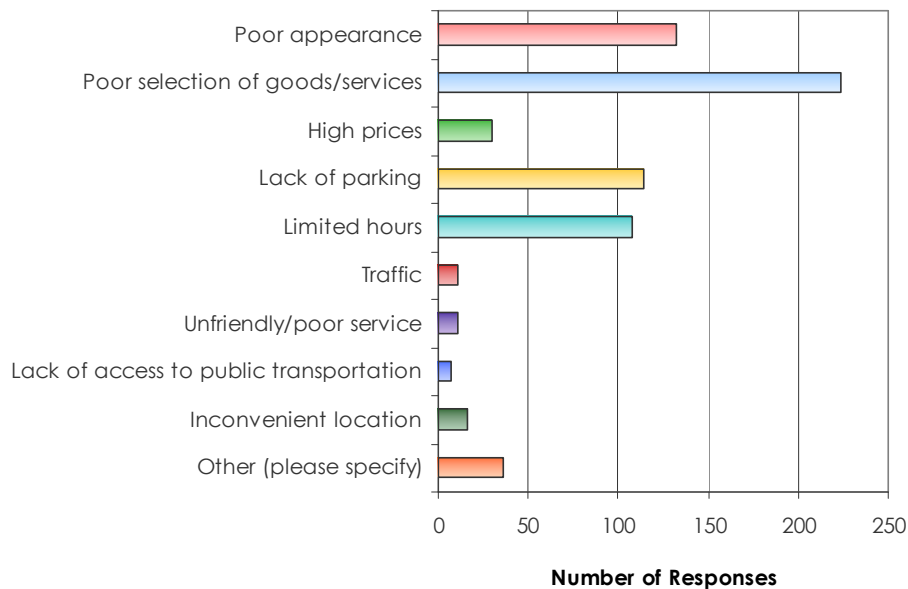
12. Currently, what are the major ADVANTAGES of shopping or doing personal errands in Milwaukie? (Please check the top 3) (265 respondents)



- ★ The majority of respondents cite the primary advantage of shopping in downtown Milwaukie is to support local businesses (67.9%). This is followed by the downtown's convenient location (63.0%).
- ★ Selection (1.9%) and prices (6.0%) are the least cited advantages of shopping in downtown Milwaukie.

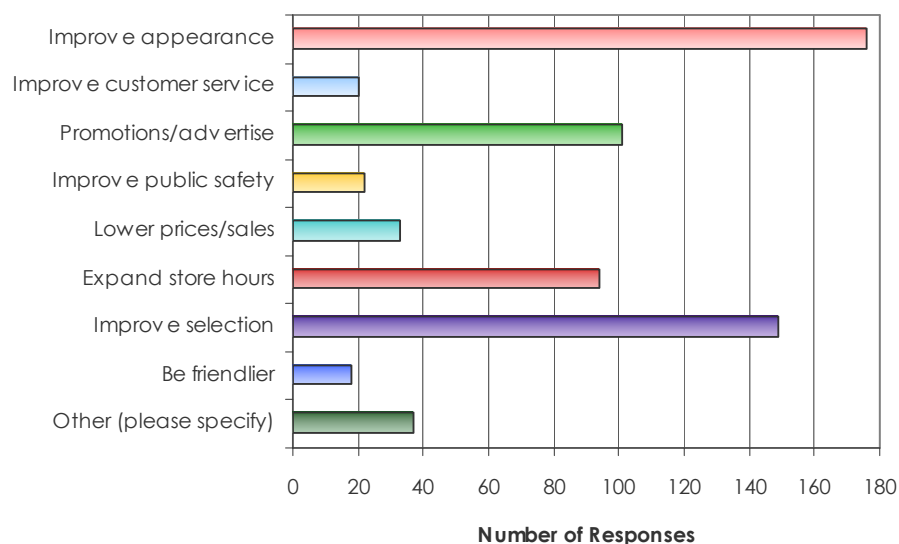
13. Currently, what are the major DISADVANTAGES of shopping or doing personal errands in Milwaukie? (Please check the top 3) (272 respondents)

- ★ Mirroring the previous question, the majority of respondents cite a poor selection of goods/services (82.4%) as the principle disadvantage of shopping in Milwaukie. This is followed by poor appearance with 48.5%.



14. What can Milwaukie merchants do to improve their stores? (Please check the top 3) (253 respondents)

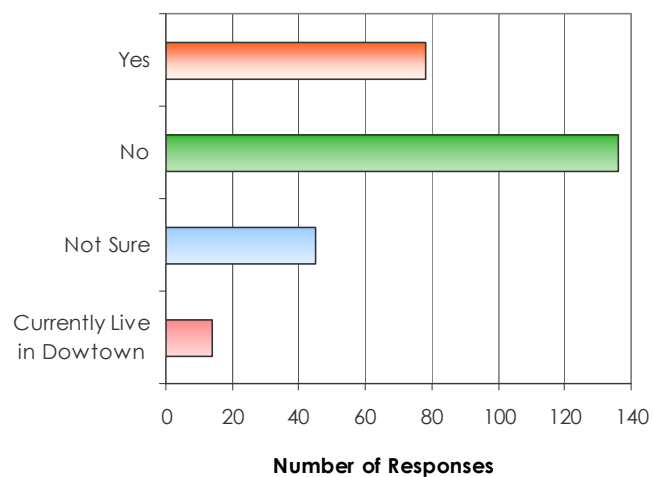
- ★ A majority of respondents suggest that Milwaukie merchants can improve their stores by upgrading their physical appearance (69.6%) and improving selection of goods (58.9%)



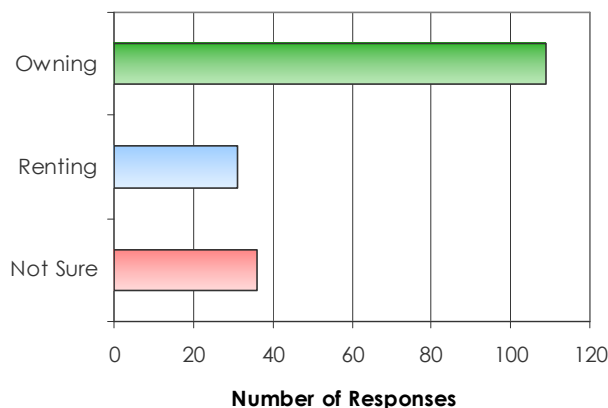
Section 3: Housing in Milwaukie

15. Would you consider living in downtown Milwaukie if high quality new or renovated units were available? (Please check the top 3) (273 respondents)

- ★ Almost half of respondents report that they would not consider living in downtown Milwaukie (49.8%). Just over a quarter suggested that they would consider living downtown (28.6%).



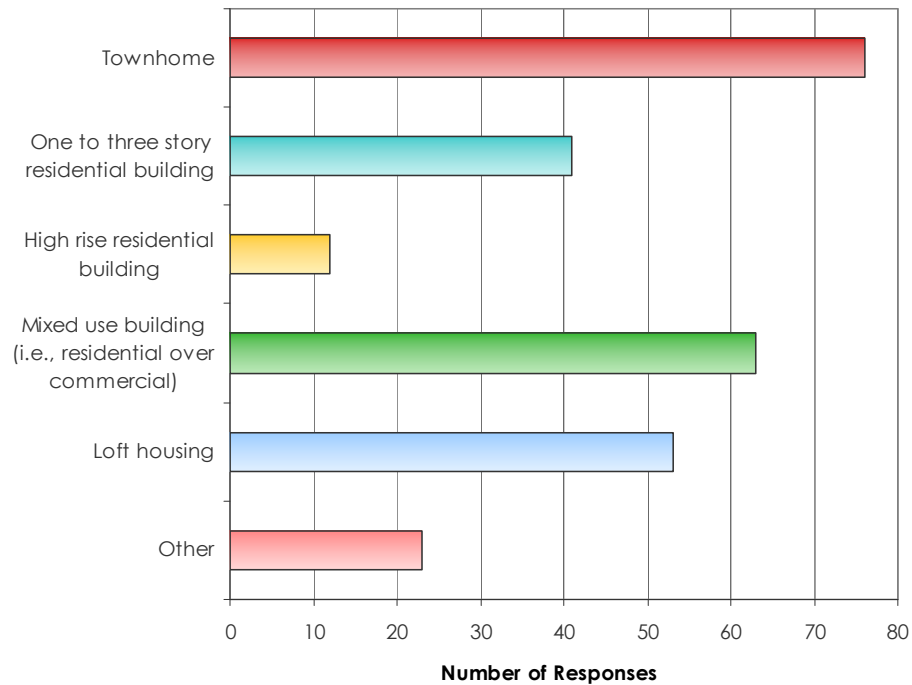
16. If you would consider living in downtown, would you be most interested in renting or owning? (176 respondents)



- ★ The majority of respondents (61.9%) report that they would be most interested in owning a unit downtown rather than renting.

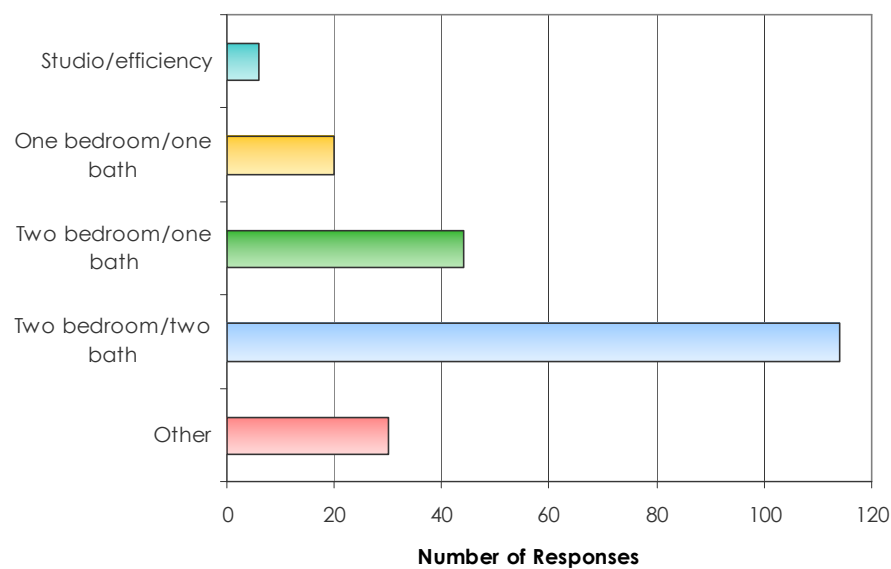
17. If you would consider living in downtown, what type of housing would you most like to live in? (Select up to 2.) (174 respondents)

- ★ Almost half of respondents would most like to live in a townhome if they were to choose a unit type in downtown Milwaukie (43.7%).
- ★ Some respondents noted that first floor access is vital because many retired residents would have trouble climbing stairs on a regular basis.



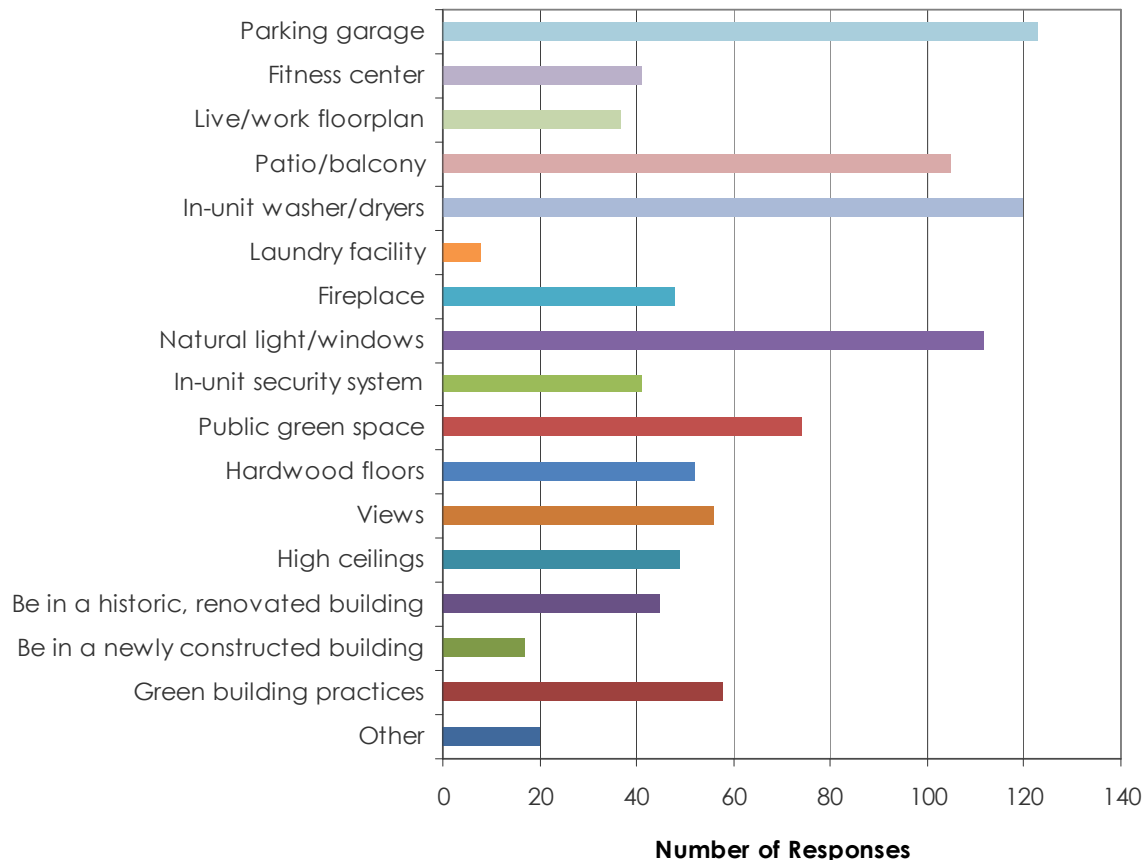
18. If you would consider living in downtown, what size housing would you be most likely to live in? (Select up to 2.) (172 respondents)

- ★ Respondents tend to want the largest unit possible with most desiring a two-bedroom/two bath unit (66.3%). The other options decrease in popularity as their sizes decrease. Respondents who chose “other” note that they would prefer a three-bedroom option.



19. If you would consider living in downtown, what features and amenities would be most important to you choosing your housing? (Please select the top 3) (183 respondents)

- ★ For a downtown housing unit to be desirable, respondents would require access to a parking garage (67.2%) and in-unit laundry facilities (65.6%). These are followed by supply of natural light (61.2%) and access to patio or balconies (57.4%).



Section 4: General Information

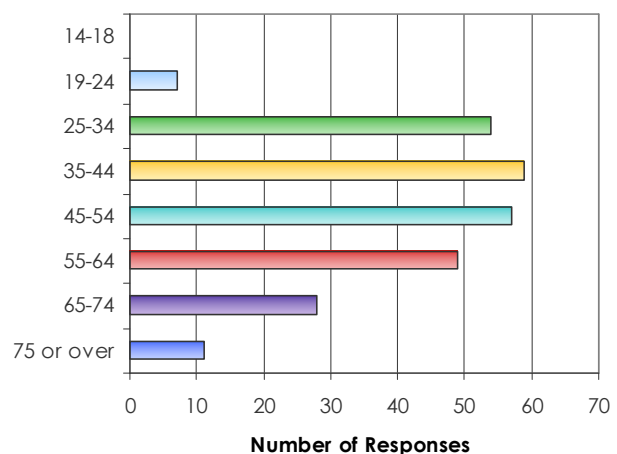
20. What identity or image would you like to see downtown Milwaukie Develop for itself as a unique business, shopping, and entertainment district?

- ★ "Green living/working, sustainable, shop-local, recycle, reuse, hip, clean."
- ★ "In general, just a nice, vibrant main street, with more cafes and useful shopping and outdoor areas."
- ★ "I want to live in a sustainable building within walking distance to groceries, entertainment, coffee and the light rail when it comes to town."

- ★ "Historic, small town, basic businesses with a classic Americana feel. village. NOT HIGH DENSITY."
- ★ "I'd like to see downtown Milwaukie develop a green identity: one that values sustainable agriculture, local businesses & suppliers, green building practices, and that has a very strong emphasis on recycling programs of all kinds."
- ★ "A place people would drive from Portland to visit. Restaurants, gallery, eco-friendly. Please should see the riverfront and have good access and activities. A walking dock, wetlands, access to water taxi service to Downtown Portland."
- ★ "A mini-Sellwood or mini-Laurelhurst type neighborhood. Bring in more local beers and food. Outdoor amphitheatre by the river, maybe."
- ★ "Restore old buildings keeping the old fashioned look and feel similar to 10th street in West Linn."
- ★ "Unique, diverse offerings, but with more affordability. A less expensive version of Portland's neighborhood business districts like Sellwood, Westmoreland, Woodstock, Clinton."
- ★ "I love the idea of more compact mixed use living spaces downtown! Lofts over a grocery would be perfect!"
- ★ "A healthy place to live. Natural foods and support for the Arts. Recognition of our local history. More resources for kids going to our local schools."
- ★ "It would be wonderful to see the downtown area developed as a village that all community members can access and want to visit daily. Much like Bridgeport Village, Sellwood, Lake Oswego, etc. A place where our family could buy a bite to eat, catch a movie and dessert afterwards!"

21. Please check your age. (226 respondents)

- ★ Almost one-third of respondents are 55 years of age or older (33.2%).
- ★ Respondents under the age of 24 make up only 2.6% of the total.



22. Please tell us your home zip code. (265 respondents)

- ★ Of the 265 respondents, 189 live in the 97222 ZIP code.

23. If you work outside the home, please tell us the ZIP code of your place of employment. (176 respondents)

- ★ Of the 176 respondents, 125 work in the 97222 ZIP code. The 97206 ZIP code is the next most common with 14 respondents reporting working there.

24. Please share any other comments below. (111 respondents)

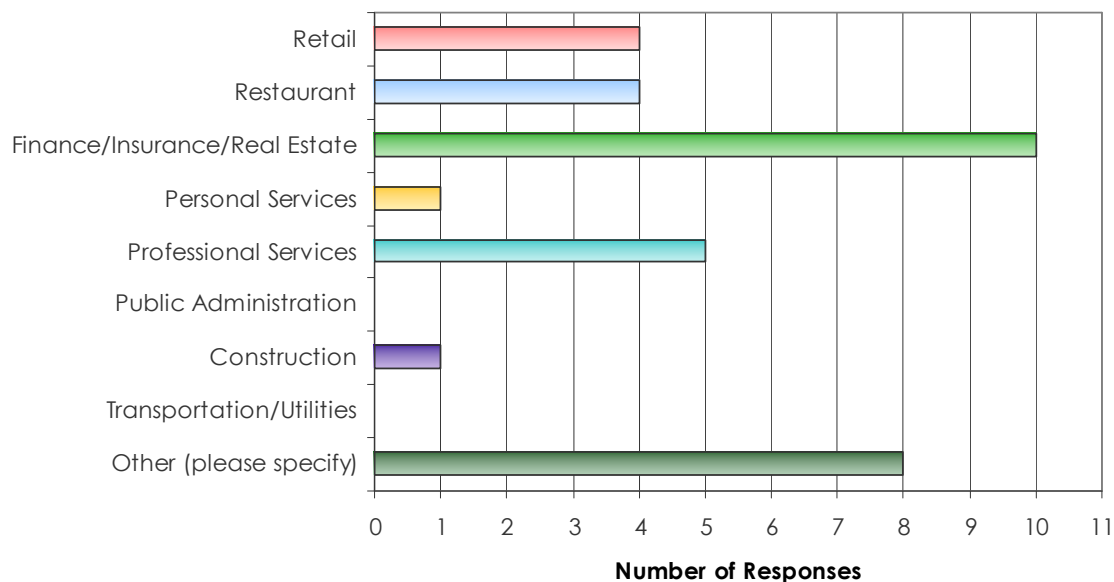
- ★ *"Foster sense of community around environmental service days (ie. creek clean ups, invasive removal) or create a community garden. Create a tool library/sharing program; more social events, potlucks, music in the park; nature talks/walks. I think people want to get back to the basics, simplify and foster their community-making real connections and being stewards of the land & wildlife. Connect with Portland Waldorf School and learn what their sense of community means to them. I love our Farmer's Market!"*
- ★ *"One main issue with Milwaukie's downtown is that it is not central to its residential areas. Why would the average resident of Milwaukie pass by the Safeway property or the Milwaukie Marketplace to get to downtown Milwaukie? The downtown needs what these others areas can't offer. The park is a great start... but it needs more."*
- ★ *"Milwaukie is on the verge of complete re-invention. With Light Rail, South Downtown and Riverfront Park in development Milwaukie could be completely transformed in 10 years."*
- ★ *"Milwaukie is an amazing little community that currently lacks a central area that brings together community members from every Milwaukie Neighborhood. With expanded business offerings providing basic needs/services, more people will find a reason to visit the historic downtown area and in turn, create a sense of community."*
- ★ *"Perhaps we need a Milwaukie Chamber of Commerce again. There are plenty of businesses that work from home that are within the Milwaukie area proper that have not interest in joining the NCCC. Just a thought."*
- ★ *"Pleased with direction of planning so far. Like the idea of a more varied/vibrant main street. I would happily shop downtown Milwaukie if I could get more daily use things there. Mixed use retail shops seem compatible with future light rail, but will probably have to wait out recession."*
- ★ *"Would LOVE to see a revitalized downtown. Would LOVE a Natural Foods shopping option close to home!"*
- ★ *"It is disappointing that the few retails businesses downtown do not all open during the farmer's market. It would help if market visitors had other shops to stop at as they wander to and from their cars."*
- ★ *"I have a family of 6 and cannot find suitable, affordable housing downtown. However, I love the idea. Later in life, as my kids' age, I would consider moving into a downtown space. Variety of shopping would be very important."*

Appendix D. Business Owner Survey Results

Section 1: Business Information and Operations

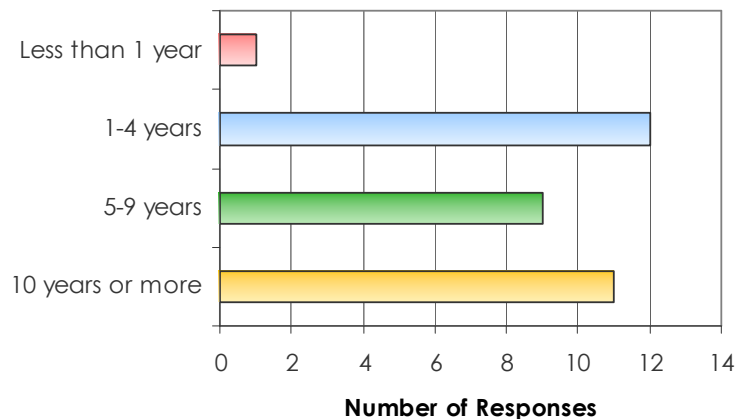
1. What is the nature of your business? (33 respondents)

- ★ More than any other category, 30.3% of respondents reported that they are in the finance, insurance, or real estate industry. The second most popular response is "other" with 24.2%. "Other" businesses include a manufacturing business and an auto repair shop.
- ★ Of the 33 respondents, only one specializes in personal services (3.0%).



2. How long have you been operating this business in downtown Milwaukie? (33 respondents)

- ★ More respondents report having operated their business in Milwaukie between one and four years (36.4%).
- ★ Approximately 27.3% of respondents have operated their business between five and nine years and 33.3% have been in business for ten years or more. The ages of Milwaukie businesses are fairly diverse.



3. Name up to 3 advantages or strengths you associate with doing business in downtown Milwaukie. (27 respondents)

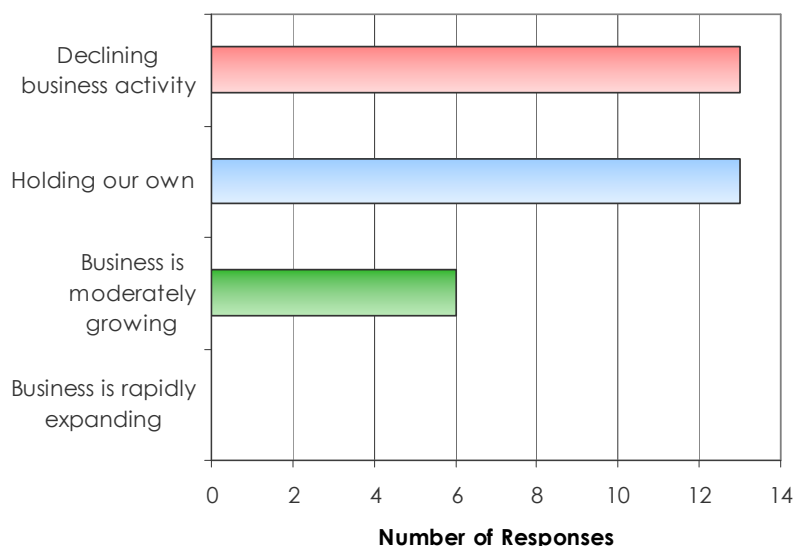
- ★ Many respondents reported that downtown Milwaukie's convenient location is a strength to doing business. Respondents reported that the downtown is either close to their home, close to customers, close to freeways or close to Portland.
- ★ Specifically, three respondents suggested that their proximity to Dark Horse Comics is a strength.
- ★ Respondents also reported that lower business taxes, rent and easy parking are benefits to operating downtown.

4. Please share any disadvantages (if any) to doing business in Milwaukie. (25 respondents)

- ★ Despite some respondents listing that parking is a strength in the previous question, ten respondents listed it as a disadvantage in this question. Respondents also reported low foot traffic and the local sign ordinance as problems.
- ★ *"No parking available for employees of downtown businesses. My organization can't afford to pay for parking permits."*
- ★ *"No cable internet. Paying retail rent. Dealing with the sign code. Not as much traffic (vehicular or pedestrian) as many other retail locations."*
- ★ *"No grocery store. Limited restaurant choices for lunch or dinner."*
- ★ *"Not enough foot traffic. Customers don't notice the building since there are too many restrictions on signs."*

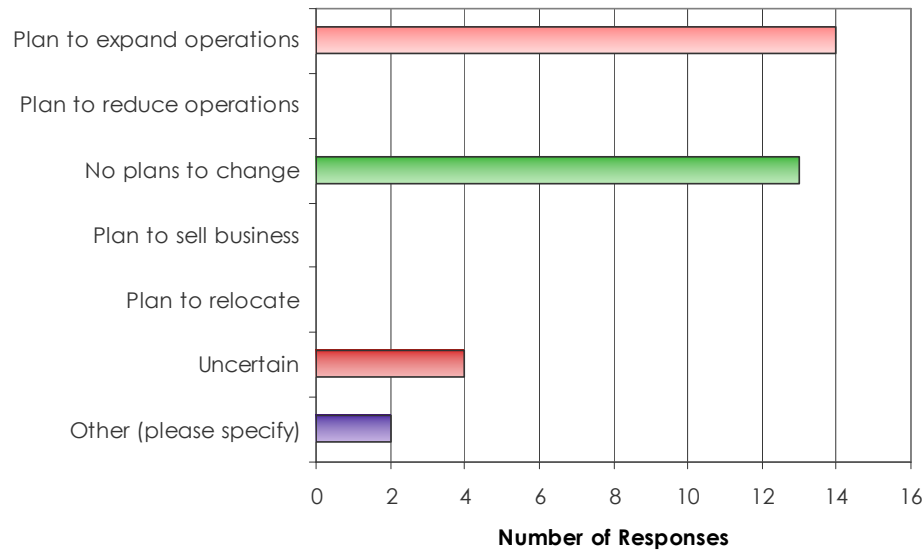
5. How would you characterize your current business' activity level (i.e. last 12 months of operation)? (32 respondents)

- ★ Most respondents report either holding their own or declining business activity (40.6%).
- ★ Only 18.8% of respondents report moderate growth. No respondents report any rapid expansion.



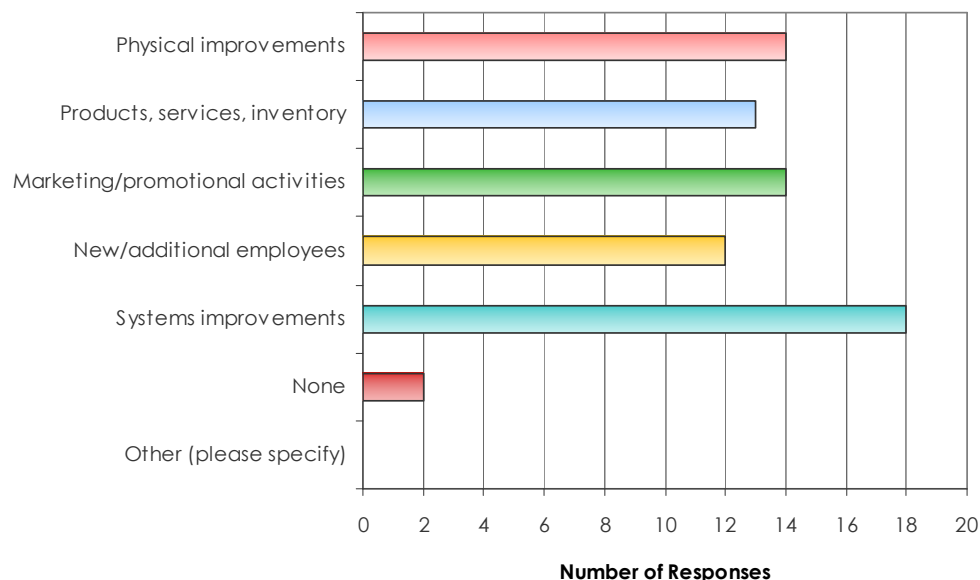
6. Which description below best characterizes your plans to expand or reduce your operation in the next one to two years? (33 respondents)

- ★ Respondents are fairly evenly split between having plans to expand operations (42.4%) and having no plans to change (39.4%).
- ★ Of the two respondents who chose "other," one is in the process of closing and the other just finished an expansion.



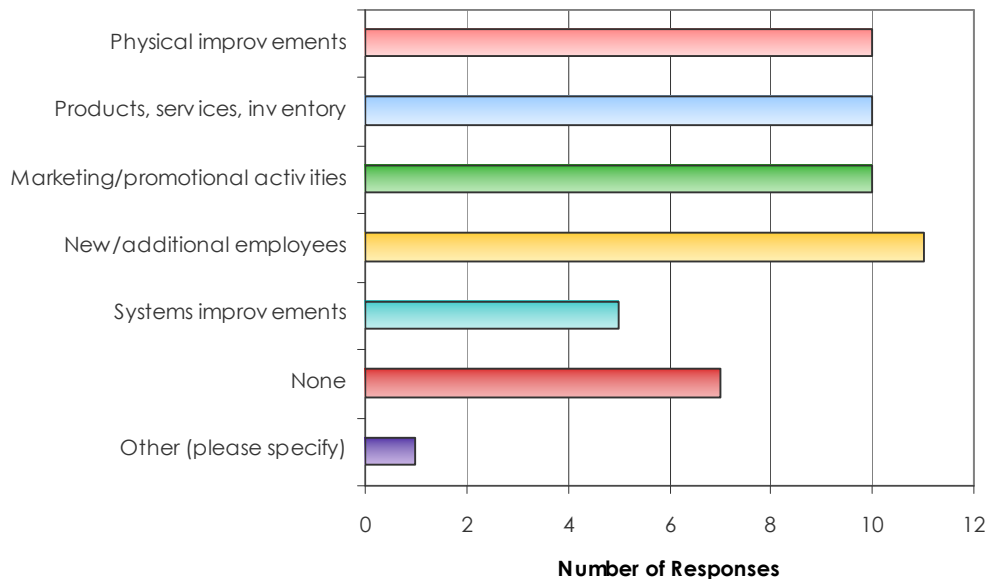
7. Please check any type of investment or improvement you have made in your business in the last two years. (31 respondents)

- ★ Most respondents report having made system improvements in the past two years (58.1%).
- ★ Between 41% and 46% of respondents report making each of the other possible business investments or improvements.



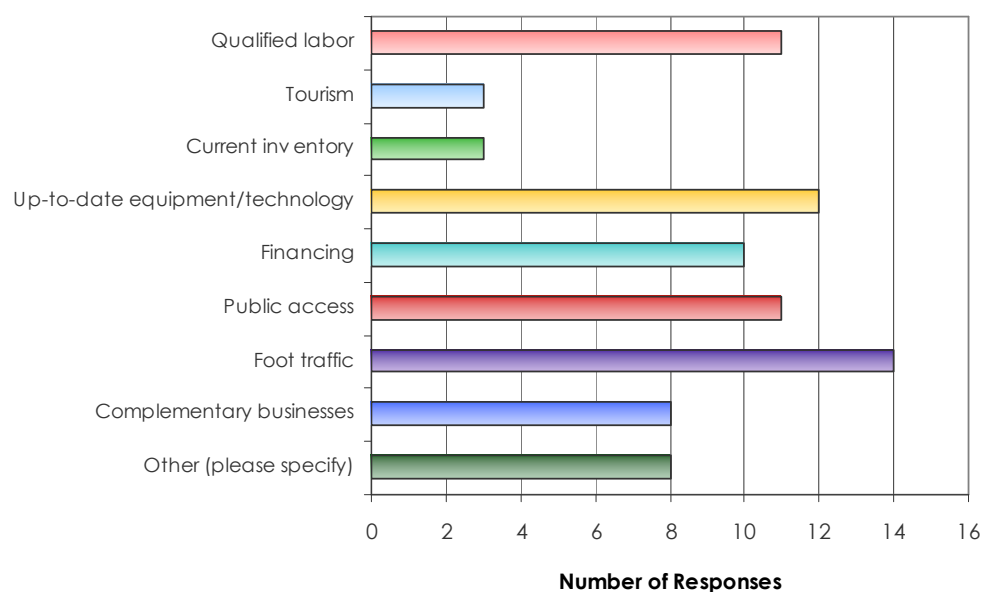
8. Please check any type of investment or improvement you plan on making in the next one to two years. (31 responses)

- ★ Approximately one third of respondents report that they will make physical improvements to their store and add products, services, marketing activities and employees in the next two years.
- ★ Just less than one quarter of respondents do not plan on making any improvements in the next two years (22.6%).



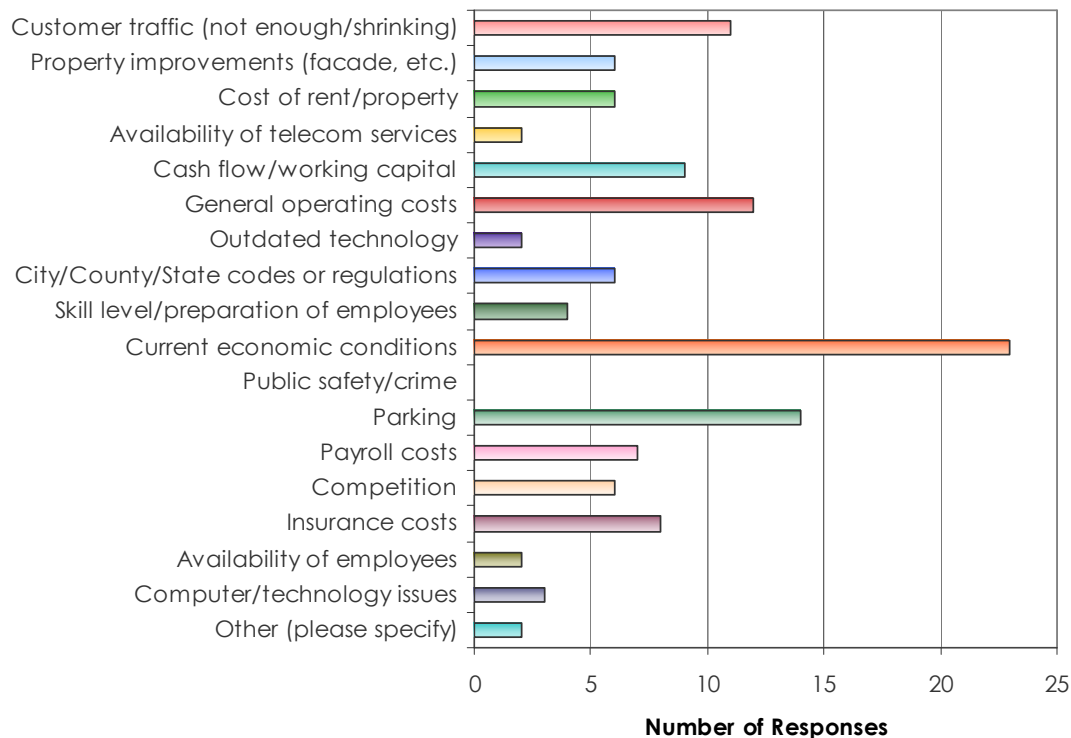
9. In addition to a strong economy, what are the critical factors for the success and expansion of your business (check ALL that apply) (31 respondents)

- ★ More respondents cite foot traffic as the most critical contributing factor to the success of their business (45.2%).
- ★ Up-to-date equipment is the next most cited critical factor to business success.



10. What are some of the major issues or obstacles facing your business today? (Please check the TOP FIVE priority issues.) (30 respondents)

- ★ A strong majority of respondents report that the current condition of the economy is the largest obstacle faced today (76.7%).
- ★ Parking is the next most frequently reported obstacle (46.7%), followed by general operating costs (40.0%). No respondents cited public safety as an obstacle.



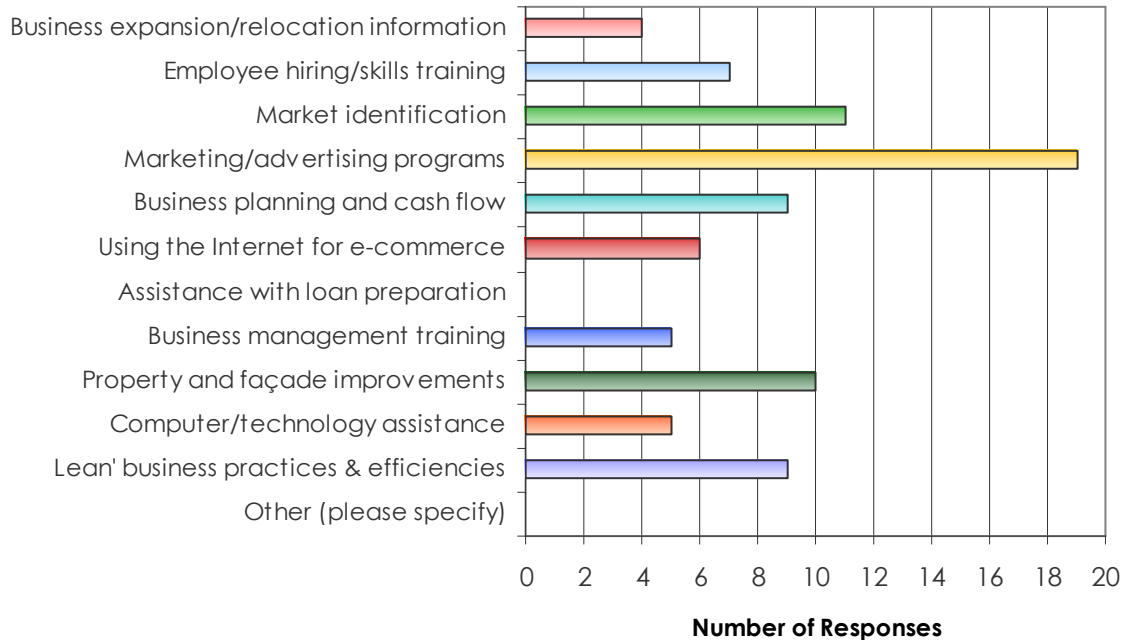
11. Please expand on any of your answers to the question above. If you checked "City/County/State code or regulations," please explain the issues or obstacles (7 respondents).

- ★ "The approval of my exterior signage is still pending."
- ★ "Banking regulations continue to change/grow. Keeping up with them is an important part of our business."

12. To keep your business healthy and competitive, which of the following types of information or assistance are important to your company's growth? (Please check ALL that apply) (13 respondents)

- ★ Most respondents report that marketing/advertising information is important for their business to remain healthy and competitive (70.4%). The next most popular response is market identification (40.7%), which is closely related to marketing and advertising.

- ★ No respondents feel like they need help loan preparation.



13. Are you interested in participating in a cooperative business marketing effort to attract customers to Downtown Milwaukie or to encourage residents to shop locally? (29 respondents)

- ★ Yes – 58.6% (17 respondents)
- ★ No – 41.4% (12 respondents)

Section 2: The Future of Downtown Milwaukie & Business in Milwaukie

14. What identity or image would you like to see Downtown Milwaukie develop for itself as a unique shopping district attractive to residents, employees and visitors? (19 respondents)

- ★ "Multiple units of living and retail/office."
- ★ "Welcoming, small-town image, safe and clean."
- ★ "I'd like downtown to be seen as a destination, but the lack of diversity in business seems hard to overcome. Since Graham's left, if you want to buy office supplies, you have to go to Clackamas or Oak Grove."
- ★ "Development of the water front as has been done in downtown Portland would help attract more residents and tourists."
- ★ "Take advantage of the gorgeous waterfront somehow. And it's such a cute/traditional downtown. Love the two-way streets which are pedestrian friendly. Love that you can walk to the bank and PO."

15. What types of businesses would you like to see downtown Milwaukie attract or grow to improve its business mix? (23 respondents)

- ★ *"Local retail and office mix. Businesses that are unique to bring people outside of the community to downtown."*
- ★ *"Good, inexpensive, family-friendly restaurants."*
- ★ *"We need a grocery store, I would love a TJ's instead of a lumberyard. There are many people who live within walking distance, me included, who have no reason to walk here."*
- ★ *"Downtown is heavy on the business offices. Need more and diverse retail."*
- ★ *"More affordable and nicely done restaurants, like Cha!Cha!Cha! means folks who work downtown won't drive to Sellwood for lunch. Workers won't go to the taverns and they don't want a fancy place either."*

16. What could businesses do to attract more local residents? (18 respondents)

- ★ *"Advertise to them, diversify business to attract different groups of people."*
- ★ *"Update storefronts, eliminate non-retail businesses from street level, keep Main Street clean."*
- ★ *"Businesses need to be open when residents are available. That means evenings and weekends. The only thing you can do in the evenings in Milwaukie is drink and gamble."*
- ★ *"Offer across the board discounts between all businesses to local residents."*
- ★ *"More outdoor spaces to hang out and eat, etc. like a square or a park that is highly visible and right in the middle of town."*

17. What could downtown businesses do to attract more visitors and other shoppers who live out of the area? (18 respondents)

- ★ *"Group advertising, being open during festivals and farmers market."*
- ★ *"We need businesses that are destinations, instead of just retail shops."*
- ★ *"Event planning as the Sunday Market, Milwaukie Days, different events in the park at the school grounds."*

18. Please provide us with the following information. Please know that names, numbers and email addresses will be separate from other survey responses, which will only be used in aggregate. (25 respondents. Company names listed below)

- | | |
|----------------------------------|--|
| ★ Chase Bank | ★ Milwaukie Lumber |
| ★ Main Street Collector's Mall | ★ Foxy's |
| ★ Brenner Tax and Bookkeeping | ★ Compassion Dental Care |
| ★ Horizon Marketing | ★ St. John's Episcopal Church |
| ★ Rocket Promo | ★ Bernard's Garage Inc. |
| ★ Cha Cha Cha | ★ Summit Medical Group |
| ★ Clackamas Federal Credit Union | ★ Milwaukie Masonic Lodge |
| ★ Envision Tile & Design | ★ Advantis Credit Union |
| ★ Chan's Steakery | ★ HealthSource Chiropractic of Milwaukie |
| ★ The Active Group | ★ Clackamas Community Land Trust |
| ★ Reliable Credit Association | ★ Things from Another World |
| ★ Mark Gamba Gallery | ★ Libbie's |

19. Please share with us any other comments you may have. (7 respondents)

- ★ *"We need parking and we need to attract more quality businesses, especially businesses that are destinations for consumers."*
- ★ *"I love Milwaukie; it has all the services my family and I need to sustain a good life, there just isn't a lot to do here."*

Appendix E. Property Evaluation Worksheet

So your downtown has a beautiful new streetscape. You've got strong market opportunity, the great location, directional signage and the marketing package. Now, *where are you going to locate all those great business prospects?* The worksheet below is designed to help you think through what properties are *really ready* for business tenants and which need some minor or major work.

VACANT PROPERTY ASSESSMENT

Location of Property _____

Size of Space _____

Other Features _____

Rate the following features of the property on a scale of 1 to 5, with 5 being Excellent and 1 being Poor.

Physical Condition	_____
Physical Appearance	_____
Location	_____
Accessibility (pedestrian)	_____
Availability of Parking	_____
Visibility	_____
Relationship with & influence by neighbor businesses	_____
Owner attitude and involvement	_____
TOTAL SCORE (40 possible points)	_____

Draw Your Conclusions:

- Which vacant properties are most marketable?
- Are there inappropriate uses?
- Are there properties needing extensive remodeling or that should be subdivided for tenants?
- Are there properties that should be condemned?
- What are your top properties for leasing?
- What is the plan for working with the property owner to get properties ready to show?

Source: Marketek, Inc.

Appendix F. Sample Marketing Ad

Business Opportunities in Milwaukie, Oregon

Customer Profile:

Resident market of over 40,000 households

Anticipated growth of 2,600 households by 2019

One-third of market area households with incomes above \$75,000

Employee market of 22,000 persons working within 2 miles

Retail Potential:

Sales leakage of \$16 million,
or 72,000 SF of space

Future potential for 200,000
SF of space by 2019



Retail Market Area



Top Prospects:

- Grocery
- Restaurants
- Specialty Goods
- Art & Gifts
- Apparel & Accessories

Contact:

City of Milwaukie
Economic Development Dept.
503.786.7608
econdev@ci.milwaukie.or.us
www.cityofmilwaukie.org



Appendix G. Specialty Retail Campaign

Goal — Identify and pursue specialty and independent retail compatible with the apparel, gifts, specialty niche merchandise targeted for Downtown Milwaukie.

Audience — Locally owned-operated shops not currently represented downtown, regional and other retailers that may be ready to expand into a new market, businesses with current downtown locations in model cities.

Task 1. Contact specialty shops located elsewhere in Milwaukie.

- ☐ Identify local specialty shops that are located on the edge of Milwaukie or in freestanding locations.
- ☐ Match available buildings that would best-fit businesses.
- ☐ Personally meet with them to present the vision for Downtown Milwaukie.
- ☐ Provide them with the marketing packet detailing the opportunities (specific site and building), market demographics, customer profile, and the programs and assistance available to them to help with their expansion.
- ☐ Add them to the database to receive newsletter and updates on downtown activities.

Task 2. Contact specialty retailers currently located in model downtowns.

- ☐ Identify specialty retailers located in other nearby towns or neighborhoods.
- ☐ Send a letter/market factsheet introducing the opportunities in Downtown Milwaukie; offer to personally meet with them to present the vision for Downtown Milwaukie; invite them to expand into the Milwaukie market.
- ☐ Place follow-up calls.
- ☐ Provide them with the marketing packet detailing the opportunities (specific site and building), market demographics, customer profile, and the programs and assistance available to them to help with their expansion.
- ☐ Add them to the database to receive newsletter and updates on downtown activities.

Task 3. Contact manufacturers of specialty goods located in Milwaukie and the surrounding area.

- ☐ Identify local companies producing specialty or unique products in or nearby Milwaukie. (EX: local farms, wineries, solar/green tech, etc.)
- ☐ Personally meet with them to present the vision for Downtown Milwaukie.
- ☐ Invite them to put a local outlet downtown or test for interest in a shared retail space.
- ☐ Provide them with the marketing packet detailing the opportunities (specific site and building), market demographics, customer profile, and the programs and assistance available to them to help with their expansion.
- ☐ Add them to the database to receive newsletter and updates on downtown activities.

Appendix H. Strategies for Developing Local Entrepreneurs

Sirolli's perspective is similar to a highly regarded program known as **Economic Gardening** which was established by Chris Gibbons in Littleton, Colorado in the 1980s and continues to thrive. Gibbons acknowledges that his is a "high end" approach. To start, energetic leadership is critical to stir the pot and assure positive progress. The leadership is critical to supporting entrepreneurial energy. By a "high end" approach, Gibbons subscribes to investing in strong technology tools. Knowing what information needs to be accessed can pay huge dividends, but requires expertise in producing such products as targeted mailing lists or statistical demand for specific products. Gibbons does not believe in operating loan programs, which he considers ineffective in the long term. He places a premium on individual coaching of individuals who clearly possess creativity and a desire to have their business succeed. While Littleton does not necessarily qualify as a rural community, its practices have been proven successful in areas more similar to Tillamook. According to Gibbons, what's most important is the degree to which innovation in entrepreneurial activity is acceptable in any given area. If such activity is not encouraged, success is highly unlikely.

Wallowa County Business Facilitation As a direct result of a Sirolli Institute organizing initiative in 1999 and 2000, Wallowa County community leaders formed the Wallowa County Business Facilitation nonprofit organization. Their mission is *to assist people in transforming their passionate ideas into viable new or expanding businesses*. In particular, this grassroots organization is interested in promoting local entrepreneurship and innovation and assisting in the startup, improvement, or expansion of businesses in all sectors. It should be noted that part of the impetus for the program was the absence of an SBDC serving Wallowa County. Small businesses simply had no easily accessible assistance available.

The organization hired full-time Wallowa County-based business coach, Myron Fitzpatrick in January 2001. Mostly recently, the job has become three-quarters time due in part to a declining number of prospects after the initial onslaught of interest.

For free and in confidence, the business coach will help connect an entrepreneur with the resources and skills she (or he) may need to create a successful business. Over the last four years, 426 clients have been served resulting in 103 new jobs from 46 new businesses, 8 acquired and 12 expanded businesses.

According to Myron, there are several guiding principles key to their success:

1. The focus is on the individual and their initiative, commitment and drive. *It is not about telling people what they should do. It is about helping people succeed at what they really want to do, with sound business management.* Myron never initiates contact with an individual.
2. The individual entrepreneur must do the work. Myron provides significant guidance and coaching and will package a business plan, but each individual is responsible for doing the homework. The coach spends up to 60 hours with each existing or aspiring entrepreneur and averages over 4 personal contacts or meetings.

3. A large supportive diverse board has also been important. Board members are encouraged to provide referrals with a target of 10 each. Many active members have surpassed this goal. Board members also help connect existing or prospective businesses to work space, capital, financial planning skills, marketing skills, and other resources as needed. Myron also makes regular referrals but again, does not call upon individuals. When the individual makes the call, he is better assured they want the help and are self-motivated.
4. An experienced, professional business manager with strong financial and general operations experience has helped ensure program success. Myron helped run both large and small companies in his career. His maturity and track record with the organization have undoubtedly been key to their success as well.
5. The program operates with minimal overhead. Office space is donated and facility/equipment needs are minimal.

The original fund requirements to participate in the Sirolli program were \$65,000. This figure is reportedly well over \$150,000 for groups wishing to work with Sirolli today. The Business Facilitation organization was sponsored by multiple partners including the Northeast Oregon Economic Development District (NEOEDD) serving Wallowa, Union, and Baker counties, and Wallowa Resources, a sustainable development nonprofit and local funders. Without local funding, it has proved difficult to sustain these projects, even with a record of outstanding and cost-effective results in turning people's ideas into viable businesses and significant annual wages.

Today, a principal funder of the Wallowa organization is the U.S. Department of Agriculture (USDA) Rural Services. USDA recently approved a two-year \$140,000 grant award for the program's continuation.

A similar Sirolli-based program unfolded in Baker County, Baker Enterprise Growth Initiative (also known as BEGIN) also with considerable success.

Source: Marketek, 2006